

**Internal Revenue Service**

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Department of the Treasury  
Washington, DC 20224

Third Party Communication: None  
Date of Communication: Not Applicable

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Refer Reply To:  
CC:CORP:B01  
PLR-101163-25  
Date:  
December 23, 2025

Legend

Taxpayer =

Holdco =

Tribe =

State A =

Business =

Date 1 =

Date 2 =

Date 3 =

Date 4 =

Year A =

Year B =

Date 5 =

Date 6 =

Dear :

This letter is in response to a letter dated December 23, 2024, and supplemented by additional letters requesting rulings on certain federal income tax consequences of a proposed transaction described below. The information submitted in the request and subsequent correspondence is summarized below.

The rulings contained in this letter are based upon information and representations submitted by the taxpayer and accompanied by a penalty of perjury statement executed by appropriate parties. While this office has not verified any of the materials submitted in support of the request for rulings, it is subject to verification on examination.

### **Facts**

Taxpayer, a State A corporation, is engaged in Business. On Date 1, Taxpayer was acquired by Tribe. Currently, Taxpayer is wholly owned by Holdco, a State A corporation that is wholly owned by Tribe.

On Date 2, Taxpayer filed an election to be treated as an S Corporation (the "Election"). The IRS initially rejected the Election, but after reconsideration, accepted the Election on Date 3. On Date 4, Taxpayer received a notice of examination for tax years Year A through Year B. As part of this examination, the IRS determined that the Taxpayer did not qualify as an S corporation. On advice of counsel, Taxpayer entered into a closing agreement with the IRS on Date 5 to resolve the examination and, consistent with its understanding of the IRS' expectations under the closing agreement, Taxpayer converted to a C corporation.

### **The Proposed Transaction**

In Date 6, newly obtained counsel advised taxpayer that the Business could be operated through corporations formed under section 3 of the Oklahoma Indian Welfare Act ("OIWA"). Accordingly, Taxpayer intends to transfer its business operations to a newly formed corporation organized under section 3 of OIWA. The relevant steps of the Proposed Transaction are set forth below.

1. Holdco will merge into Taxpayer and Tribe will exchange 100% of the stock of Holdco for 100% of the stock of Taxpayer.
2. Tribe will form a corporation under section 3 of the OIWA (the "Operating Section 3 Corporation"). Tribe will own all of the issued and outstanding stock of the Operating Section 3 Corporation.
3. Tribe will transfer 100% of the outstanding stock of Taxpayer to the Operating Section 3 Corporation in exchange for 100% of the stock of the Operating Section 3 Corporation.
4. Immediately thereafter, Taxpayer will liquidate and the Operating Section 3 Corporation will acquire all of the assets and liabilities of Taxpayer; and
5. Tribe will form a second corporation under section 3 of the OIWA (the "Section 3 Holding Corporation") and will exchange 100% of the Operating Section 3 Corporation to the Section 3 Holding Corporation in exchange for all stock in the Section 3 Holding Corporation, which will own all of the stock of the Operating Section 3 Corporation.

### **Rulings**

Based upon the facts and information submitted, including representations made, we rule as follows:

1. No gain or loss will be recognized by Taxpayer upon its liquidation into Operating Section 3 Corporation under Reg. § 1.337(d)-4. See Rev. Rul. 94-65, 1994-42 I.R.B. 10; See *also* Certain Asset Transfers to a Tax-Exempt Entity, 62 Fed. Reg. 2064, 2066 (proposed January 15, 1997).
2. Following the Proposed Transaction, Operating Section 3 Corporation, will be exempt from federal income tax on income it earns following the Proposed Transaction. See Treas. Reg. 301.7701-1(a)(3).

### **Caveats**

Except as expressly provided herein, no opinion is expressed or implied concerning the tax consequences of any aspect of any transaction or item discussed or referenced in this letter.

1. The conclusions reached in this letter ruling are dependent upon the Department of Interior's grant of a corporate charter pursuant to Section 3 of the OIWA. No opinion is expressed regarding whether such a grant is appropriate or required.
2. This letter ruling express no opinion concerning whether the proposed reorganization, or the subsequent organizational structure, complies with the requirements of the OIWA.

### **Procedural Statements**

This ruling is directed only to the taxpayer requesting it. Section 6110(k)(3) of the Code provides that it may not be used or cited as precedent.

A copy of this letter must be attached to any income tax return to which it is relevant. Alternatively, a taxpayer filing its return electronically may satisfy this requirement by attaching a statement to its return that provides the date and control number of the letter ruling.

In accordance with the power of attorney on file with this office, copies of this letter are being sent to the authorized representatives.

Sincerely,

Gregory J. Galvin  
Branch Chief, Branch 1  
(Corporate)

cc: