

Internal Revenue Service

Department of the Treasury
Washington, DC 20224

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Date:
December 16, 2025

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Taxpayer =
Country A =
Corporation W =
Corporation X =
Corporation Y =
Corporation Z =
Date 1 =
Year 1 =

Dear _____ :

This is in response to your letter dated June 27, 2025, submitted on behalf of Taxpayer by its authorized representative, requesting the consent of the Commissioner of the Internal Revenue Service ("Commissioner") to revoke Taxpayer's election under section 953(d) to be treated as a domestic corporation.

The rulings contained in this letter are based upon information and representations submitted by Taxpayer and accompanied by a penalty of perjury statement executed by an appropriate party. While this office has not verified any of the material submitted in support of the request for rulings, it is subject to verification on examination. The information submitted in the request is substantially as set forth below. Unless otherwise provided, all Code and section references are to the Internal Revenue Code of 1986, as amended.

RULINGS REQUESTED

Taxpayer requests the following rulings:

- A. Consent of the Commissioner to revoke Taxpayer's election under section 953(d) to be treated as a domestic corporation.
- B. For purposes of section 367, Taxpayer will be treated as a domestic corporation transferring, as of January 1, 2025, all its property to a foreign corporation in a section 361 exchange, subject to sections 367(a) and (d), and any gain recognized will be included as income in Taxpayer's one-day taxable year beginning and ending on January 1, 2025.
- C. The acquiring foreign corporation will be treated as a controlled foreign corporation, as defined in section 957, for the taxable year beginning on January 2, 2025.

FACTS AND REPRESENTATION

Taxpayer is a corporation incorporated in Country A and since January 1, Year 1, has been treated as a domestic corporation pursuant to an election under section 953(d). Taxpayer is wholly owned by Corporation Z, a domestic corporation, which in turn, is wholly owned by Corporation Y, a domestic corporation. Corporation Y is wholly owned by Corporation X, a domestic corporation.

On Date 1, Corporation W acquired all of the stock of Corporation X and Corporation X and its subsidiaries (including Taxpayer) became members of the U.S. federal consolidated group of which Corporation W is the common parent. Since the acquisition, Taxpayer has reassessed the benefits and burdens associated with its section 953(d) election and decided to seek consent from the Commissioner to revoke its election effective January 1, 2025.

Taxpayer represents that the domestic entity acquisition (within the meaning of Treas. Reg. §1.7874-12(a)(5)) that would occur as a result of a revocation of Taxpayer's section 953(d) election would qualify as an internal group restructuring (within the meaning of Treas. Reg. §1.7874-1(c)(2)).

LAW

Section 953(d)(1) provides, in general, that if (A) a foreign corporation is a controlled foreign corporation (as defined in section 957(a) by substituting "25 percent or more" for "more than 50 percent" and by using the definition of United States shareholder under section 953(c)(1)(A)), (B) such foreign corporation would qualify under part I or part II of subchapter L, chapter 1 of subtitle A of the Code, for the taxable year if it were a domestic corporation, (C) such foreign corporation meets such requirements as the Secretary shall prescribe to ensure that the taxes imposed by chapter 1 of subtitle A of the Code on such foreign corporation are paid, and (D) such foreign corporation makes an election to have section 953(d)(1) apply and waives all benefits to such corporation granted by the United States under any treaty, for purposes of this title, then such corporation shall be treated as a domestic corporation.

Section 953(d)(2)(A) provides that in general an election under section 953(d)(1) applies to the taxable year for which it is made and all subsequent taxable years unless revoked with the consent of the Secretary.

Section 953(d)(5) provides that for purposes of section 367, if an election under section 953(d) is made by a corporation for any taxable year, and such election ceases to apply for any subsequent taxable year, the corporation is treated as a domestic corporation transferring (as of the first day of the subsequent taxable year) all of its property to a foreign corporation in connection with an exchange to which section 354 applies.

Section 4.02(1) of Rev. Proc. 2003-47 provides, in part, that once approved, a section 953(d) election remains effective for each subsequent taxable year in which the requirements of that revenue procedure and section 953(d) are satisfied unless revoked by the electing corporation with the consent of the Commissioner. Further, it states that if an election is terminated or revoked, the foreign corporation and its successors will be barred from making another election under section 953(d) without the consent of the Commissioner. Section 4.02(2) of Rev. Proc. 2003-47 provides that the revocation of a section 953(d) election will cause the corporation to be considered a foreign person for purposes of the excise tax under section 4371 on premiums for insurance or reinsurance issued by the foreign corporation.

CONCLUSION

Based solely on the information submitted and the representations made:

- A. Consent is granted for Taxpayer to revoke its section 953(d) election to be treated as a domestic corporation.
- B. For purposes of section 367, Taxpayer will be treated as a domestic corporation transferring, as of January 1, 2025, all its property to a foreign corporation in a section 361 exchange, subject to sections 367(a) and (d), and any gain recognized will be included as income in Taxpayer's one-day taxable year beginning and ending on January 1, 2025.
- C. The acquiring foreign corporation will be treated as a controlled foreign corporation, as defined in section 957, for the taxable year beginning on January 2, 2025.

The above rulings are only applicable with respect to the Code sections addressed herein. We do not express or imply an opinion on the federal tax consequences of any other aspect of this transaction, such as the amount of any gain reportable under section 367.

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.

In accordance with the Power of Attorney on file with this office, a copy of this letter is being sent to your authorized representatives.

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

Sincerely,

Andrew L. Wigmore
Senior Counsel, Branch 4
Office of Associate Chief Counsel (International)

cc: