

Internal Revenue Service

Number: **202625007**
Release Date: 6/18/2026
Index Number: 368.06-00

Department of the Treasury
Washington, DC 20224

Third Party Communication: None
Date of Communication: Not Applicable

Person To Contact:
, ID No.

Telephone Number:

Refer Reply To:
CC:CORP:B1
PLR-115124-25

Date:
March 19, 2026

Legend

Old Parent =

Country A =

Country B =

Exchange Y =

Dear :

This letter responds to your letter dated July 24, 2025, requesting rulings on certain federal income tax consequences of a Proposed Transaction (defined below). The material information provided in that request and in subsequent correspondence is summarized below.

The rulings contained in this letter are based on facts and representations submitted by the taxpayer and accompanied by a penalties of perjury statement executed by an appropriate party. This office has not verified any of the materials submitted in support of the request for rulings. Verification of the information, representations, and other data may be required as part of the audit process.

This letter is issued pursuant to Rev. Proc. 2025-1, 2025-1 I.R.B. 1 and Rev. Proc. 2025-3, 2025-1 I.R.B.142. This office expresses no opinion as to any issue not specifically addressed by the rulings below.

Summary of Facts

Old Parent, a Country A corporation, is the foreign parent of a worldwide group of affiliated business entities (collectively, the "Old Parent Group"). Old Parent has a single class of voting common stock outstanding that is owned by the public (the "Shareholders") and publicly traded, and no other classes of stock. Old Parent's stock is listed on Exchange Y.

Subsidiaries of Old Parent, located in various countries, operate the Old Parent Group's business operations.

Proposed Transaction

For what Old Parent represented as valid business purposes, Old Parent intends to redomicile in Country B through the following steps (collectively, the "Proposed Transaction"):

1. Old Parent will form a new entity ("New Parent"), a Country B corporation ("New Parent Formation"). Old Parent will receive one share in the capital of New Parent (the "New Parent Initial Share") for no consideration. Throughout the period beginning with the formation of New Parent and ending on the date of the Conversion (defined below), Old Parent will own 100% of the issued and outstanding equity of New Parent, and New Parent will not hold any assets or conduct any activities other than the sole activities necessary to preserve its existence under Country B law.
2. Old Parent will enter into a "scheme of arrangement" under the laws of Country A (the "Scheme"). Pursuant to the Scheme:
 - a. Old Parent will cancel and extinguish all of its outstanding shares by way of a reduction of capital (the "Share Cancellation").
 - b. Simultaneously with the Share Cancellation, (i) Old Parent will transfer the New Parent Initial Share to New Parent in exchange for no consideration and New Parent will immediately cancel the New Parent Initial Share, and (ii) New Parent will issue new shares to the Shareholders, with each Shareholder receiving shares in New Parent on a one-for-one basis with respect to the shares in Old Parent of such Shareholder that were cancelled in the Share Cancellation (the "New Parent Share Issuance"). The New Parent Share Issuance will occur as consideration for the Share Cancellation and the issuance of Old Parent shares to New Parent in (d) below.
 - c. Following the Share Cancellation, and on the same day as the Share Cancellation, Old Parent will re-register as a private limited company under the laws of Country A (an eligible entity for purposes of Treas. Reg. § 301.7701-3)

(the "Conversion") in order to align its administration with its new status as an intermediate holding company within the restructured Old Parent Group.

d. Immediately following the Conversion, and subject to the cancellation of the New Parent Initial Share and the New Parent Share Issuance, (i) the share capital of Old Parent will be increased to its former amount by the creation of a number of new shares that will have an aggregate nominal value equal to the aggregate nominal value of shares cancelled in the Share Cancellation, and (ii) Old Parent will issue these new shares to New Parent.

3. Effective on the same day as the Share Cancellation and New Parent Share Issuance, New Parent's shares will be listed on and begin trading on Exchange Y.
4. Effective on the day after the Conversion, Old Parent will elect to be classified as disregarded from its owner for federal income tax purposes.

Representations

Old Parent makes the following representations in connection with the Proposed Transaction:

1. The Proposed Transaction will be undertaken pursuant to a plan of reorganization, as described in §§ 1.368-1(c) and 1.368-2(g), that was adopted by Old Parent and each of its affiliates as necessary, before the Proposed Transaction.
2. As a result of the Proposed Transaction, the Shareholders of Old Parent will own all of the outstanding New Parent stock and will own such stock solely by reason of their ownership of Old Parent's stock immediately prior to the Proposed Transaction, disregarding (a) a de minimis amount of stock issued by New Parent to facilitate its organization or maintain its legal existence and (b) any public trading by Shareholders during the Proposed Transaction.
3. The Shareholders of Old Parent, determined immediately prior to the Proposed Transaction, will own all of the outstanding stock of New Parent immediately after the Proposed Transaction in identical proportions by value, disregarding (a) a de minimis amount of stock issued by New Parent to facilitate its organization or maintain its legal existence and (b) any public trading by Shareholders during the Proposed Transaction.
4. Any disposition of the stock of Old Parent or New Parent as a result of public trading during the Proposed Transaction is not included by Old Parent in its plan of reorganization.

5. There is no plan or intention for New Parent to issue additional shares of its stock in the Proposed Transaction.
6. Immediately before the Proposed Transaction, New Parent has no business history, tax attributes (including those specified in section 381(c)), or assets other than a de minimis amount of assets to facilitate its organization or maintain its legal existence and tax attributes related to holding those assets.
7. Immediately after the Proposed Transaction, no corporation other than New Parent will hold property that was held by Old Parent immediately before the Proposed Transaction, if such other corporation will, as a result, succeed to and take into account the items of Old Parent described in section 381(c).
8. Immediately after the Proposed Transaction, New Parent will not hold property acquired from a corporation other than Old Parent if New Parent would, as a result, succeed to and take into account the items of such other corporation described in section 381(c).
9. Old Parent will completely liquidate (or be deemed to liquidate) in the Proposed Transaction for federal income tax purposes.
10. The liabilities of Old Parent that will be assumed by New Parent, within the meaning of section 357(d), were incurred by Old Parent in the ordinary course of business and are associated with the assets transferred.
11. New Parent, Old Parent and the Shareholders will pay their respective expenses, if any, incurred in connection with the Proposed Transaction.
12. The Proposed Transaction is motivated, in whole or substantial part, by one or more bona fide non-federal income tax purposes as described in Old Parent's request for a ruling.
13. At the time of the Proposed Transaction, no party to the Proposed Transaction is under the jurisdiction of a court in a Title 11 or similar case within the meaning of section 368(a)(3)(A).
14. All other transactions undertaken contemporaneously with, in anticipation of, in conjunction with, or in any way related to the Proposed Transaction for which the letter ruling is requested have been fully disclosed.
15. All exchanges effectuating the Proposed Transaction will be on a value-for-value basis under arm's-length terms.

16. Immediately before the Proposed Transaction, no party to the Proposed Transaction is an investment company within the meaning of section 368(a)(2)(F).
17. No party to the Proposed Transaction is an organization exempt from federal income tax within the meaning of section 501.
18. No party to the Proposed Transaction will be a "personal service corporation" within the meaning of section 269A.
19. None of the Proposed Transaction will be undertaken contemporaneously with, in anticipation of, in conjunction with, or in any way related to a transaction designated as a "listed transaction" for purposes of §§1.6011-4(b)(2) and 301.6111-2.
20. No party to the Proposed Transaction will be a U.S. real property holding corporation (as defined in section 897(c)(2)) at any time during the five-year period preceding the Proposed Transaction, and no party to the Proposed Transaction will be a U.S. real property holding corporation immediately after the Proposed Transaction. Moreover, the parties to the Proposed Transaction do not hold any U.S. real property interests within the meaning of section 897.

Rulings

Based on the facts and representations received and subject to the caveats below, we rule as follows with respect to the Proposed Transaction:

1. The Proposed Transaction will be integrated and characterized for federal income tax purposes as (i) the transfer by Old Parent of all of its assets, subject to liabilities, to New Parent in exchange for stock of New Parent, followed by (ii) the distribution by Old Parent of the New Parent stock to the Shareholders in liquidation.
2. The Proposed Transaction will qualify for nonrecognition as a reorganization under § 368(a)(1)(F). See Notice 2025-45.
3. Old Parent and New Parent each will be a "party to a reorganization" within the meaning of § 368(b).
4. No gain or loss will be recognized by Old Parent upon the deemed transfer of its assets to New Parent in exchange for New Parent stock and the assumption of Old Parent's liabilities (§§ 361(a) and 357(a) and (d)).
5. No gain or loss will be recognized by New Parent upon the deemed receipt of Old Parent's assets in exchange for New Parent stock. (§ 1032(a)).

6. The basis of each asset deemed received by New Parent from Old Parent will equal the basis of that asset in the hands of Old Parent immediately before the Proposed Transaction (§ 362(b)).
7. The holding period of each asset deemed received by New Parent from Old Parent will include the period during which Old Parent held that asset (§ 1223(2)).
8. No gain or loss will be recognized by Old Parent upon its deemed distribution of the stock of New Parent to the Shareholders (§ 361(c)).
9. No gain or loss will be recognized by the Shareholders upon their receipt of the stock of New Parent in exchange for the stock of Old Parent (§ 354(a)).
10. The aggregate basis of the shares of New Parent stock received by the Shareholders will be the same as the aggregate basis of the shares of Old Parent stock for which they will be exchanged (§ 358(a)).
11. The holding period of the New Parent stock received by each Shareholder in the Proposed Transaction will include the holding period of the Old Parent stock surrendered in exchange therefor, to the extent that such property was a capital asset in the hands of the Shareholders (§ 1223(1)).
12. New Parent will succeed to and take into account the tax attributes of Old Parent described in § 381(c) (§ 381(a) and § 1.381(a)-1).

Caveats

Except as expressly provided herein, we express no opinion concerning the tax consequences of any aspect of any matter or item discussed or referenced in this letter. Moreover, no opinion is expressed about the tax treatment of the transactions or of any other matter under other provisions of the Code or regulations or about the tax treatment of any conditions existing at the time of, effects resulting from, the Proposed Transaction not specifically covered in the above rulings.

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, taxpayers filing their returns electronically may satisfy this requirement by attaching a statement to their returns that provides the date on and control number (PLR-115124-25) of the letter ruling.

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

Sincerely,

Douglas C. Bates
Senior Technical Reviewer (CC:CORP:B1)
Associate Chief Counsel (Corporate)

cc: