Internal Revenue Service

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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:BO5
PLR-102020-26

Date:
June 01, 2026

Legend

Taxpayer =

Acquiring =

Seller =

Target =

FSub 1 =

FSub 2 =

Country A =

Business A =

Date 1 =

a =

b =

c =

Dear :

This letter responds to your authorized representatives' letter dated December 11, 2025, requesting rulings on certain federal tax consequences of an acquisition transaction (the "Acquisition," as defined below). The material information submitted in that letter and 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.

Summary of Facts

Acquiring is a corporation under Country A law whose stock is widely held and publicly traded on Country A's stock exchange. Immediately prior to the Acquisition, Acquiring had a single class of common stock issued and outstanding. Acquiring owns all the outstanding common stock of FSub 1. FSub 1 owns all of the outstanding common stock of FSub 2. Each of FSub 1 and FSub 2 is a corporation under Country A law and is classified as a corporation for Federal income tax purposes.

FSub 2 owns all of the outstanding common stock of Taxpayer. Taxpayer is a domestic corporation and is the common parent of an affiliated group of corporations that have elected to file a consolidated return for Federal income tax purposes ("Taxpayer Group"). The Taxpayer Group is engaged in Business A and has significant consolidated net operating loss carry forwards.

Based on public filings with Country A's securities regulator and a review of shareholder register data of Acquiring for the period of time before the Acquisition (the "Acquiring Shareholder List"), Taxpayer determined that all of the stock of Acquiring was owned by less-than-5-percent shareholders within the meaning of section 382, and, prior to the Acquisition, all of the stock of Acquiring was treated as being owned by one public group for purposes of section 382.
Seller is a corporation under Country A law whose stock is widely held and publicly traded on Country A's stock exchange. Seller had a single class of common stock issued and outstanding. Prior to the Acquisition, Seller owned all the outstanding

common stock of Target, a corporation under Country A law. Target and its subsidiaries are collectively engaged in Business A. Based on public filings with Country A's securities regulator and a review of shareholder register data of Seller for the period of time before the Acquisition (the "Seller Shareholder List"), Taxpayer determined that all of the stock of Seller was owned by less-than-5-percent shareholders within the meaning of section 382, and, as such, all of the stock of Seller was treated as being owned by one or more public groups for purposes of section 382.

Acquisition

On Date 1, pursuant to an agreement among Acquiring and Seller, Acquiring acquired all of the stock of Target in exchange for newly issued stock of Acquiring (the "Acquisition"). Immediately following the close of the Acquisition (but still on Date 1), Seller distributed all of the stock of Acquiring it received as consideration in the Acquisition to Seller shareholders based on the number of shares of Seller each Seller shareholder held prior to the Acquisition. Immediately after the Acquisition, Acquiring shareholders continued to own approximately a percent of the stock of Acquiring, and Seller shareholders owned the remaining approximately b percent of the stock of Acquiring.

Taxpayer's management understands that certain shareholders, each of which held less than 5 percent of the stock of Acquiring, also owned less than 5 percent of the stock of Seller (the "Overlapping Public Group"). Taxpayer's management's understanding is based on the fact that Acquiring and Seller are both Country A corporations and operate in related industries, so their stock likely was held by several of the same market segment funds with either a regional or an industry investment strategy. Taxpayer's management has developed a list of shareholders that potentially are included in the Overlapping Public Group through a review of the Acquiring Shareholder List and the Seller Shareholder List, as well as a review of applicable public filings with the Country A securities regulator. Having determined a list of the potential members of the Overlapping Public Group, Taxpayer has sent written requests for information (the "Written Questionnaires") regarding such overlapping ownership to the c largest holders of stock of Acquiring (determined prior to the Acquisition) that were members of the Overlapping Public Group to confirm the accuracy of the Acquiring Shareholder List and the Seller Shareholder List by confirming the number of shares of stock of each of Acquiring and Seller economically owned by those members of the Overlapping Public Group immediately before the Acquisition. Taxpayer may also engage in follow-up correspondence with those shareholders to confirm and clarify responses to the Written Questionnaires, as necessary. Such follow-up correspondence may be in either written, digital, or telephonic form.

Representations

Taxpayer has made the following representations regarding the Acquisition:

a) Taxpayer is a loss corporation as defined in section 382(k)(1).

b) Acquiring's only class of outstanding stock during the relevant testing period was its common stock described herein.

c) Acquiring has no other outstanding interests or obligations that would be treated as stock for purposes of section 382.

d) Acquiring owns all of the single class of FSub 1's common stock that is issued and outstanding, and FSub 1 has no other outstanding interests or obligations that would be treated as stock for purposes of section 382.

e) FSub 1 owns all of the single class of FSub 2's common stock that is issued and outstanding, and FSub 2 has no other outstanding interests or obligations that would be treated as stock for purposes of section 382

f) FSub 2 owns all of the single class of Taxpayer's common stock that is issued and outstanding, and Taxpayer has no other outstanding interests or obligations that would be treated as stock for purposes of section 382.

g) Taxpayer has no actual knowledge regarding the members of the Overlapping Public Group other than the knowledge obtained through: (a) the Acquiring Shareholder List and the Seller Shareholder List; (b) a survey of the relevant Country A's securities regulator filings to determine whether Acquiring and Seller had any 5-percent shareholders; and (c) additional information that will be obtained through the Written Questionnaires.

Rulings

Based solely on the information submitted and the representations made, we rule as follows with respect to the Acquisition:

1. The additional information regarding the stock ownership of the Overlapping Public Group obtained by Taxpayer through the Acquiring Shareholder List, the Seller Shareholder List, public documents, and responses to the Written Questionnaires (including any follow-up communications) is an acceptable method of determining actual knowledge within the meaning of Treas. Reg. § 1.382-2T(k)(2) (the "Actual Knowledge").

2. For purposes of determining the amount of the owner shift of Taxpayer from the Acquisition (including whether such owner shift results in an ownership change) and the amount of any subsequent owner shifts of Taxpayer, Taxpayer is permitted to

use the Actual Knowledge to treat the Overlapping Public Group as an additional indirect public group of Taxpayer for purposes of applying the segregation rules of Treas. Reg. § 1.382-2T(j)(2), and the presumption described in Treas. Reg. § 1.382-2T(j)(2)(iii)(B)(1) will not apply.

3. For purposes of section 382, the increase in the Overlapping Public Group's percentage ownership of Taxpayer as a result of the Acquisition will be equal to the amount by which its percentage ownership of Taxpayer immediately after the Acquisition exceeds its percentage ownership of Taxpayer immediately before the Acquisition.

Caveats

Except as expressly provided herein, no opinion is expressed or implied concerning the tax treatment of the Acquisition under any provision of the Code and regulations or the tax treatment of any condition existing at the time of, or effects resulting from, the Acquisition that is not specifically covered by the above rulings.

Procedural Statements

This ruling is directed only to the taxpayers 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 on and control number of the letter ruling (PLR-102020-26).

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

Sincerely,

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William W. Burhop
Branch Chief, Branch 5
Office of the Associate Chief Counsel (Corporate)

cc: