

**Internal Revenue Service**

Department of the Treasury

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Washington, DC 20224

Person to Contact:

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Refer Reply To:  
CC:DOM:CORP:2-PLR-114095-99  
Date:  
January 3, 2000

Legend:

Parent =

Holding =

Subsidiary =

Date A =

Date B =

Date C =

This is in reply to your letter dated August 16, 1999, submitted on behalf of Parent, Holding corporation, and Subsidiary, requesting rulings regarding the effect of a potential change of facts upon a private letter ruling dated August 25, 1998 (PLR-119480-97) (Prior Letter Ruling). Additional information was received on December 16, 1999.

In the Prior Letter Ruling, ruling 2 states in part, First Liquidating Distribution and the deemed distribution of the Deemed Sale proceeds will be treated as a series of distributions in a complete liquidation to which §§ 332 and 337 apply (§ 338(h)(10)).

The rulings in the Prior Letter Ruling were conditioned on the dissolution of Subsidiary or the sale of Subsidiary stock within twelve months from Date A, the date of the issuance of the Prior Letter Ruling.

Subsequent to receiving the Prior Letter Ruling, Subsidiary distributed all of its assets to Parent (other than the Retained Assets) and had all of its liabilities assumed by Parent, in the First Liquidating Distribution, which occurred on Date B. Parent has substantiated that it has used reasonable efforts to sell the Subsidiary stock but has not been able to do so.

Based solely on the facts submitted and the representations made it is held that the Prior Letter Ruling will remain in full force and effect. This ruling, however, is conditioned on the stock of the Subsidiary being sold by Date C. If the stock of Subsidiary is not sold within this time period, Subsidiary must be dissolved. No further extensions will be granted.

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

No opinion is expressed about the tax treatment of the transaction under other provisions of the Code and regulations or about the tax treatment of any conditions existing at the time of, or effects resulting from, the transaction that are not specifically covered by the above rulings.

A copy of this letter should be attached to the federal income tax returns of the taxpayers involved for the taxable year in which the transaction covered by this ruling letter is consummated.

Pursuant to a power of attorney on file in this office, a copy of this letter is being sent to the taxpayer.

Sincerely,

Assistant Chief Counsel (Corporate)

By:

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Lewis K Brickates  
Assistant to the Chief, Branch 2