**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:INTL:B03
PLR-135905-08

Date:
September 11, 2008

TY:

Legend

Corp A =

Corp B =
Corp C =
Corp D =
Country L =
Date O =
Date P =
Tax Year X =
Tax Year Y =

Dear :

This is in response to your letter dated August 15, 2008, in which you request consent for Corp A to revoke, effective for Tax Year Y and for all subsequent taxable years, its election, effective beginning for Tax Year X, to use the safe harbor method described in Treas. Reg. §1.901-2A(c)(3) in determining the amount of foreign income tax paid or accrued (or deemed paid or accrued) to Country L. The information submitted for consideration is substantially as set forth below.

The ruling contained in this letter is based upon information and representations you submitted and accompanied by your penalty of perjury statement executed. 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.

Corp A is a domestic corporation that is the common parent of an affiliated group of corporations (“Corp A Group”) that has filed a U.S. consolidated federal income tax return for Tax Year X and for all subsequent tax years. The due date (including

extensions) for Corp A's U.S. consolidated federal income tax return for Tax Year Y is Date O, which is more than 30 days after August 15, 2008.

Corp A Group owns, directly and indirectly, 100 percent of Corp B, a controlled foreign corporation (CFC) for U.S. tax purposes. Corp B owns 100 percent of Corp C, another CFC. Prior to Date P, Corp B owned 100 percent of Corp D, which conducts operations in Country L. On Date P, Corp B transferred the stock of Corp D to Corp C in exchange for additional stock of Corp C. Following the transfer, Corp D filed a check-the-box election to be treated as disregarded as an entity separate from Corp C for U.S. tax purposes. Corp D is and has been a dual capacity taxpayer, as defined in Treas. Reg. §1.901-2(a)(2)(ii)(A), with respect to its operations in Country L.

Treas. Reg. §1.901-2A(c)(1) permits dual capacity taxpayers in computing foreign tax credits for qualifying levies of each country to use either a "facts and circumstances" method or a "safe harbor" method to determine the amount of a levy that is not paid in exchange for a specific economic benefit.

Corp A filed a safe harbor method election under Treas. Reg. §1.901-2A(c)(3) with respect to Country L levies paid or accrued (or deemed paid or accrued) by members of Corp A Group effective for Tax Year X and for subsequent years. That safe harbor method election has not been revoked under §1.901-2A(d)(4).

Treas. Reg. §1.901-2A(d) describes the manner in which taxpayers may elect and revoke the safe harbor method. Treas. Reg. §1.901-2A(d)(4) provides that the safe harbor method election may not be revoked without the consent of the Commissioner. Consent is normally given, provided the conditions set forth in the regulation are satisfied. The regulation provides that an application for consent to revoke the election must be made not later than 30 days before the due date (including extensions) for the filing of the income tax return for the first taxable year for which the revocation is sought to be effective, with certain exceptions not applicable to this situation. The Commissioner may make his consent to any revocation conditioned upon adjustments being made in one or more taxable years so as to prevent the revocation from resulting in a distortion of the amount of any item relating to tax liability in any taxable year. The Commissioner will normally consent to a revocation under the circumstances described in §1.901-2A(d)(4)(i) through (vi).

Treas. Reg. §1.901-2A(d)(4)(vi) provides that the Commissioner will normally consent to a revocation of a safe harbor method election if the election has been in effect with respect to at least three taxable years prior to the taxable year for which the revocation is to be effective.

Based solely on the information and representations submitted, Corp A's application for consent to revoke the safe harbor method election with respect to qualifying levies of Country L was made not later than 30 days before Date O, the due date (including

extensions) for Corp A's U.S. consolidated federal income tax return for Tax Year Y, and the applicable safe harbor method election has been in effect with respect to at least Corp A's last three taxable years prior to Tax Year Y. Accordingly, consent is granted to Corp A to revoke the safe harbor method election with respect to qualifying levies of Country L effective for Tax Year Y and for all subsequent taxable years.

No opinion was requested, and no opinion is expressed, as to whether, based upon all of the relevant facts and circumstances, the amount (if any) paid pursuant to a levy or levies imposed by Country L is not an amount paid in exchange for a specific economic benefit.

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.

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 return that provides the date and control number of the letter ruling.

Sincerely,

Richard L. Chewning
Senior Counsel, Branch 3
(International)

Enclosure:
Copy for 6110 purposes