Internal Revenue Service

Number: **201108016**
Release Date: 2/25/2011
Index Number: 4982.00-00

Department of the Treasury
Washington, DC 20224

Third Party Communication: None
Date of Communication: Not Applicable

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CC:FIP:B03
PLR-129508-10

Date:
November 22, 2010

Legend:

Trust 1 =

Trust 2 =

Fund 1 =

Fund 2 =

Fund 3 =

Fund 4 =

Fund 5 =

Fund 6 =

Date 1 =

Date 2 =

Year A =

Year B =

Year C =

Year D =

State X =

Dear :

This ruling responds to a letter dated July 8, 2010, submitted on behalf of Fund 1 to Fund 6 (collectively "the Funds"). The Funds request consent to revoke, for tax Year A and subsequent calendar years, previous elections made by the Funds under section 4982(e)(4)(A) of the Internal Revenue Code. Additionally, the Funds request that the calculation of its required distributions under sections 4982(b)(1) and 4982(e) for the calendar year ending December 31, Year A, be determined on the basis of capital gains and losses, foreign currency gains and losses, and gains and losses recognized under section 1296, if any, realized and recognized during the ten-month period from January 1, Year A, through October 31, Year A.

FACTS

Trust 1, organized as a State X statutory trust on Date 1, is registered with the Securities and Exchange Commission under the Investment Company Act of 1940, 15 U.S.C. 80a-1 et seq. Trust 1 consists of two open-ended management investment companies: Fund 1 and Fund 2.

Trust 2, an open-ended management investment company, was organized as a State X statutory trust on Date 2. Trust 2 consists of four series funds: Fund 3, Fund 4, Fund 5, and Fund 6.

Each Fund has elected to be treated as a regulated investment company (a "RIC") for federal income tax purposes under part I of subchapter M of the Code. Each Fund uses an accrual method of accounting for tax and financial accounting purposes, and its taxable year ends on December 31.

For calendar years beginning with year D, pursuant to section 4982(e)(4)(A), Funds elected to use its tax year ending on December 31 in lieu of the 1-year period ending on October 31, for purposes of calculating the required distribution under sections 4982(b)(1)(B), 4982(e)(2), and 4982(e)(5).

At the time the Funds originally made their election, they believed that the election under section 4982 would relieve the administrative burdens associated with dual calculations of capital gains and losses and section 988 gains and losses under the excise tax and Subchapter M provisions of the Code. However, the Funds' experience has been that the section 4982(e)(4)(A) election has created additional administrative complexities primarily due to time constraints in declaring required excise tax distributions.

Accordingly, each Fund seeks consent to revoke its election to use the taxable year for purposes of sections 4982(b) and 4982(e). Each Fund makes the following representations:

1. Its desire to revoke its section 4982(e)(4)(A) election is due to administrative and non-tax related financial burdens caused by the election.

2. It is not seeking to revoke its election for the purpose of preserving or securing a tax benefit.

3. It will neither benefit through hindsight nor prejudice the interests of the government as a result of being permitted to revoke its election.

4. It will not make any subsequent election under section 4982(e)(4)(A) for five (5) calendar years following the year of the grant of revocation.

LAW AND ANALYSIS

Section 4982(a), which was enacted as part of the Tax Reform Act of 1986 and is effective for tax years beginning after December 31, 1986, imposes an excise tax on every RIC for each calendar year equal to 4 percent of the excess, if any, of the “required distribution” over the “distributed amount” for the calendar year.

Section 4982(b)(1) defines the term “required distribution” to mean, with respect to any calendar year, the sum of 98 percent of the RIC’s ordinary income for such calendar year, plus 98 percent of its capital gain net income for the 1-year period ending on October 31 of such calendar year.

Section 4982(e)(4)(A) provides that if the tax year of a RIC ends with the month of November or December, the RIC may elect to have its capital gain net income for its tax year applied in lieu of the 1-year period ending on October 31 of the calendar year for purposes of satisfying the required distribution defined in section 4982(b)(1). Section 4982(e)(4)(B) provides that, once made, such election may be revoked only with the consent of the Secretary.

Section 4982(e)(5) provides that any foreign currency gain or loss attributable to a section 988 transaction and which is properly taken into account for the portion of the calendar year after October 31 shall not be taken into account in determining the ordinary income of the RIC for the calendar year but shall be taken into account in determining the RIC’s ordinary income in the following calendar year. However, if a RIC has made an election under section 4982(e)(4), the preceding sentence shall be applied by substituting the last day of the RIC’s taxable year for October 31.

Section 4982(e)(6) provides that, for purposes of determining a RIC's ordinary income (as defined in section 4982(e)(1)), section 1296 shall be applied as if the RIC's taxable year ended on October 31, and any ordinary gain or loss from an actual disposition of stock in a passive foreign investment company during the portion of the calendar year after October 31 shall be taken into account in determining the RIC's ordinary income for the following calendar year. However, if a RIC has made an election under section 4982(e)(4), the preceding sentence shall be applied by substituting the last day of the RIC's taxable year for October 31.

Based upon the information submitted and the representations made, we conclude that the Funds' desire to revoke their elections under section 4982(e)(4)(A) of the Code is because of administrative burdens and not because of any federal tax-related financial burden caused by the election. The Funds do not seek to revoke their elections for the purpose of preserving or securing a federal tax benefit. Additionally, the Funds will neither benefit through hindsight nor prejudice the interest of the government as a result of being permitted to revoke their elections.

CONCLUSION

Accordingly, based upon the representations made and pursuant to section 4982(e)(4)(B), the Secretary consents to the revocation of the elections made by the Funds under section 4982(e)(4)(A), effective for calendar Year A and subsequent years. In addition, in calculating the "required distribution" for calendar Year A, for purposes of section 4982(b)(1) and (e), the capital gain net income, foreign currency gains and losses, and gains and losses of the Funds recognized under section 1296 will be determined on the basis of the capital gains and losses, foreign currency gains and losses, and gains and losses recognized under section 1296, if any, recognized and realized during the 10-month period from January 1, Year A, through October 31, Year A.

As a condition to the Secretary's consent to the revocation pursuant to section 4982(e)(4)(B), the Funds may not make subsequent elections under section 4982(e)(4)(A) for a period of five (5) calendar years following the year to which the grant of revocation applies (i.e. Year B through Year C).

Except as specifically ruled upon above, no opinion is expressed or implied as to any other federal excise or income tax consequences.

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

It is important that a copy of this letter be attached to the federal income and excise tax returns filed by the Funds for the year to which this ruling applies.

Sincerely yours,

_Alice M. Bennett_______________
Alice M. Bennett
Chief, Branch 3
Office of Associate Chief Counsel
(Financial Institutions and Products)