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:
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PLR-109866-17

Date:
September 18, 2017

Legend

Taxpayer =

Parent =

New Parent =

Sub 1 =

Sub 2 =

Sub 3 =

Sub 5 =

Sub 9 =

Sub 10 =

Sub 11 =

Sub 12 =

Date 3 =

Date 5 =

Date 6 =

Date 9 =

Date 10 =

Date 11 =

Date 12 =

Date 13 =

Date 14 =

Dear :

This letter is in response to your authorized representative's letter dated March 23, 2017, requesting rulings on certain federal income tax consequences of the transactions described below. The material information submitted in your letter and subsequent correspondence is summarized below. Certain dates and corporations have been intentionally omitted from the text of this letter.

Parent was the common parent of an affiliated group of corporations that filed consolidated federal income tax returns (the "Parent Group"). Immediately prior to Date 3, Parent wholly owned Sub 1. Sub 1 wholly owned Sub 2. Sub 2 wholly owned Sub 9. Sub 9 wholly owned Sub 3. Sub 3 wholly owned Sub 5.

On Date 3, Sub 9 distributed all of the issued and outstanding stock of Sub 3 to Sub 2 (the "Sub 3 Distribution") and Sub 2 contributed the stock of Sub 9 to Sub 3. The Sub 3 Distribution was treated as an intercompany distribution to which §§ 301 and 311

applied, and on which Sub 9 recognized gain under § 311(b), which was deferred under the regulations effective at that time.

On Date 5, Sub 9 merged into Sub 3 with Sub 3 surviving, a transaction that qualified for nonrecognition treatment under § 332.

On Date 6, Sub 3 merged into Sub 5 with Sub 5 surviving, a transaction that qualified as a reorganization described in § 368(a)(1)(A).

On Date 9, Sub 2 merged into Sub 1 with Sub 1 surviving, and Sub 1 merged into Parent with Parent surviving, each a transaction that qualified for nonrecognition treatment under § 332.

On Date 10, Parent contributed Sub 5 to Sub 10, a direct subsidiary of Parent, in an exchange qualifying for nonrecognition treatment under § 351.

On Date 11, Sub 10 merged into Sub 11, a direct subsidiary of Parent, with Sub 11 surviving, a transaction that qualified as a reorganization described in § 368(a)(1)(A).

On Date 12, (i) Sub 11 merged into Parent with Parent surviving, (ii) Parent formed Sub 12, to which it contributed Sub 5, and (iii) Sub 5 converted under state law from a corporation into a limited liability company disregarded as an entity separate from its owner for federal income tax purposes, such contribution and conversion together a reorganization described in § 368(a)(1)(F).

On Date 13, Parent was contributed to New Parent in a reverse acquisition described in § 1.1502-75(d)(3).

On Date 14, Taxpayer, the common parent of an affiliated group of corporations that filed consolidated federal income tax returns (the “Taxpayer Group”), acquired the Parent Group through a taxable merger of an indirect subsidiary of Taxpayer into New Parent with New Parent surviving (the “New Parent Acquisition”).

On or about the date of this letter, a private letter ruling (control number PLR-111664-17) was issued by this office granting an extension of time under § 301.9100-3 of the Procedure and Administration Regulations to file an election under § 1.1502-13(l)(3) on behalf of the Parent Group (the “9100 Letter”).

The Taxpayer Group proposes the following transactions (the “Proposed Transactions”):

(i) Sub 12 will merge into Parent in a transaction qualifying as either a complete liquidation under § 332 or a reorganization within the meaning of § 368(a)(1) (the "Sub 12 Merger").

(ii) Parent will merge into New Parent in a transaction qualifying as either a complete liquidation under § 332 or a reorganization within the meaning of § 368(a)(1).

We have received the following representations from the appropriate parties:

a. The effects of the Sub 3 Distribution have not previously been reflected, directly or indirectly, on a consolidated return of the Parent Group or the Taxpayer Group.

b. Neither the Parent Group nor the Taxpayer Group has derived, and no taxpayer will derive, any federal income tax benefit from the Sub 3 Distribution or the redetermination of the intercompany gain resulting from such transaction (including any adjustment to basis in member stock under § 1.1502-32).

Based solely on the facts and information submitted and on the representations made, and provided that a valid election has been made under § 1.1502-13(l)(3) of the regulations for the Parent Group to elect to apply the intercompany transaction regulations under §1.1502-13 to stock elimination transactions (described in § 1.1502-13(l)(3)(ii)) to which prior law would otherwise apply, we rule as follows:

1. The Parent Group's election under § 1.1502-13(l)(3) pursuant to the 9100 Letter, did not terminate with the New Parent Acquisition, and will continue to apply to determine when effected deferred transactions are taken into account by the Taxpayer Group.

2. The intercompany gain associated with the stock of Sub 12 as a successor asset to the stock of Sub 3 pursuant to § 1.1502-13(j)(1) that would be taken into account by Sub 12 as successor in interest to Sub 9 pursuant to § 1.1502-13(j)(2), will be redetermined to be excluded from gross income under the Commissioner's discretionary rule of § 1.1502-13(c)(6)(ii)(D). The amount of intercompany gain that is redetermined to be excluded from gross income will not be taken into account as earnings and profits of any member and will not be treated as tax-exempt income under § 1.1502-32(b)(2)(ii).

Caveats

No opinion is requested and no opinion is expressed or implied whether the Sub 12 Merger qualifies under § 332 or § 368. The above rulings are conditioned upon the filing of an effective election under § 1.1502-13(l)(3). Additionally, no opinion is expressed concerning the tax treatment of the Proposed Transactions under other

provision of the Code or regulations or the tax treatment of any conditions existing at the time of, or effects resulting from, the Proposed Transactions that are not specifically covered by the above rulings.

Procedural Statements

This letter is directed only to the taxpayer who requested it. Section 6110(k)(3) 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 this letter ruling.

Pursuant to the power of attorney on file in this office, copies of this letter are being sent to your authorized representatives.

Sincerely,

Ken Cohen
Chief, Branch 3
Office of Associate Chief Counsel (Corporate)