**Internal Revenue Service**

Number: **202024013**
Release Date: 6/12/2020
Index Number: 382.07-05

Department of the Treasury
Washington, DC 20224

Third Party Communication: None
Date of Communication: Not Applicable

Person To Contact:
, ID No.

Telephone Number:

In Re:

Refer Reply To:
CC:CORP:B4
PLR-129128-19

Date:
March 13, 2020

Legend

| | |
|---|---|
| LossCo | = |
| New Parent | = |
| Old Parent | = |
| FSub1 | = |
| FSub2 | = |
| Date 1 | = |
| Date 2 | = |
| Time Period 3 | = |
| Time Period 4 | = |
| Year 1 | = |
| Year 2 | = |

Shareholder A =

State A =

Dear :

This letter responds to a letter dated November 27, 2019, submitted on behalf of LossCo, requesting a ruling under Section 382 of the Internal Revenue Code. The material information submitted is summarized below.

The ruling contained in this letter is based upon information 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**

LossCo is a State A corporation that is the common parent of a group of affiliated corporations that has elected to file a consolidated U.S. federal income tax return (the "LossCo Group"). As of the beginning of Year 2, the LossCo Group was a "loss group" under Treas. Reg. § 1.1502-91(c)(1), and LossCo was wholly owned by FSub2, a non-U.S. corporation, which was wholly owned by Old Parent, a non-U.S. corporation. Shares of Old Parent were traded on a U.S. stock exchange.

In Year 1, Old Parent's board of directors determined that it was in the best interest of Old Parent's worldwide group to re-domicile to another non-U.S. jurisdiction. New Parent, a non-U.S. corporation, was incorporated on Date 1 (which is in Year 1) in anticipation of and for the sole purpose of facilitating the re-domiciliation. From the time of its formation until Date 2 (which is in Year 2), New Parent held only nominal assets and liabilities and conducted no business activities other than those relating to the re-domiciliation.

On Date 2, holders of Old Parent shares contributed their Old Parent shares to New Parent for shares of New Parent on a one-for-one basis (the "Re-Domicile Transaction"). For U.S. federal income tax purposes, the Re-Domicile Transaction qualified as a section 351 exchange.

As a result of the Re-Domicile Transaction, Old Parent became a wholly owned subsidiary of New Parent. For securities law purposes, New Parent became the successor issuer to Old Parent and replaced Old Parent as the registrant with the Securities and Exchange Commission. Old Parent and New Parent use the calendar year for accounting and financial reporting purposes.

Immediately after the Re-Domicile Transaction, New Parent transferred Old Parent to New Parent's newly formed, wholly owned subsidiary FSub1, a non-U.S. corporation, in exchange for a note. Shortly thereafter, New Parent's worldwide group carried out additional internal restructurings, including the transfer of FSub2 (which owns LossCo) from Old Parent to FSub1.

Following the Re-Domicile Transaction, New Parent repurchased some of its shares from Shareholder A in Time Period 3 (the "Shareholder A Repurchase"). Following the Shareholder A Repurchase, New Parent redeemed some of its shares from public shareholders in Time Period 4 (the "Public Redemption").

## Representations

LossCo has made the following representations:

A. The Shareholder A Repurchase and the Public Redemption were not planned or undertaken pursuant to the same plan or arrangement, and were not separated from each other in order to minimize or avoid an owner shift under the rules of Treas. Reg. § 1.382-3(j)(14).

B. At the time of the Shareholder A Repurchase, there was no plan or intention to undertake the Public Redemption. The Public Redemption was motivated by a sudden, unanticipated, and significant drop in the trading price of New Parent that occurred after the completion of the Shareholder A Repurchase.

C. Old Parent did not redeem any of its shares between January 1 of Year 2 and the consummation of the Re-Domicile Transaction.

## Ruling

Based solely on the information submitted and the representations made, we rule as follows:

> LossCo may treat New Parent's taxable year as beginning immediately after the Re-Domicile Transaction for purposes of computing the small redemption limitation under Treas. Reg. § 1.382-3(j)(14).

## Caveats

Except as expressly provided herein, we neither express nor imply any opinion concerning the tax treatment of any aspect of any transaction or item discussed or referenced in this letter. We express no opinion about the tax treatment of the transaction as described under other provisions of the Code or regulations, or the tax treatment of any condition existing at the time of, or effect resulting from, the facts and circumstances described herein that is not specifically covered by the ruling set forth above.

**Procedural Statements**

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.

In accordance with a power of attorney on file with this office, copies of this letter are being sent to your authorized representatives.

Sincerely,

Mark S. Jennings
Senior Techinician Reviewer, Branch 1
(Corporate)

cc: