

Internal Revenue Service

Number: **202524005**

Release Date: 6/13/2025

Index Number: 351.00-00

Department of the Treasury

Washington, DC 20224

Third Party Communication: None

Date of Communication: Not Applicable

Person To Contact:

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Refer Reply To:

CC:CORP:B3

PLR-113587-24

Date:

March 11, 2025

LEGEND

Transferor =

Transferee =

Co-Transferor =

Land Rights =

Agreement =

Subject Area =

Assets =

Act =

a =

b =

Dear :

This letter responds to your representatives' letter dated July 26, 2024, on behalf of Transferor, as supplemented by subsequent information and documentation, requesting rulings on certain federal income tax consequences of the Proposed Transaction (defined below). The material information provided in that request and subsequent correspondence is summarized below.

This letter is issued pursuant to Rev. Proc. 2024-1, 2024-1 I.R.B 1. This Office expresses no opinion on any issue not specifically addressed by the rulings below.

The rulings contained in this letter are based upon facts 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 material 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

Transferor is an Alaska Native Regional Corporation and the common parent of a group of affiliated corporations that together file a consolidated return for federal tax purposes. Transferor owns various assets, including fee simple ownership of the Subject Area.

Co-Transferor is an unrelated corporation.

Proposed Transaction

For what are represented to be valid corporate business purposes, Transferor proposes to undertake the following steps (the "Proposed Transaction"):

1. Transferor or Co-Transferor forms Transferee.
2. Transferor and Transferee enter into the Agreement. Under the Agreement, Transferor transfers Land Rights in the Subject Area to Transferee in exchange for a% of the single class of stock of Transferee.

3. Co-Transferor transfers Assets to Transferee in exchange for b% of the single class of stock of Transferee.

Under the terms of the Agreement, Transferee will agree to use the Land Rights consistent with Transferor's historic and current uses of the Subject Area. Transferor will retain the right to access the Subject Area on a non-commercial basis for customary and traditional uses, including hunting and fishing (the "Access Rights"). Other than the Access Rights, Transferor will not retain any rights in the Subject Area.

The Agreement will be subject to an automatically renewable 99-year right of reversion. Transferor and Transferee anticipate that the Agreement will be continually extended.

Representations

1. All other transactions undertaken by Transferor and Transferee contemporaneously with, in anticipation of, in conjunction with, or in any way related to the Proposed Transaction have been fully disclosed.
2. All exchanges effectuating the Proposed Transaction will be on a value-for-value basis under arm's-length terms.
3. No liabilities are assumed in the Proposed Transaction.
4. Transferor and Transferee will be solvent, for federal income tax purposes, immediately before and immediately after the Proposed Transaction.
5. Neither Transferor nor Transferee are an organization exempt from federal income tax within the meaning of section 501.
6. Neither Transferor nor Transferee will be a "personal service corporation" within the meaning of section 269A.
7. The Proposed Transaction will not be undertaken contemporaneously with, in anticipation of, in conjunction with, or in any way related to a transaction designated as a "listed transaction" for purposes of Treas. Reg. §§1.6011-4T(b)(2) and 301.6111-2T.
8. The transfers and exchanges effectuating the Proposed Transaction will occur under a plan agreed upon before the Proposed Transaction in which the rights of the parties are previously defined and the execution of the plan proceeds with an expedition consistent with orderly procedure. See Treas. Reg. §1.351-1(a)(1).
9. There is no plan or intention by Transferee to redeem or otherwise acquire

any stock issued in the Proposed Transaction.

10. Transferor will not retain any rights in the Land Rights transferred to Transferee in the Proposed Transaction.
11. Transferor will be in control (within the meaning of section 368(c)) of Transferee after the Proposed Transaction, taking into account (i) any issuance of additional shares of Transferee stock; (ii) any issuance of Transferee stock for services; (iii) the exercise of any Transferee stock rights, warrants, or subscriptions; (iv) a public offering of Transferee stock; and (v) the sale, exchange, transfer by gift, or other disposition of any of the stock of Transferee to be received in the Proposed Transaction.
12. Transferor neither accumulated receivables nor made extraordinary payment of payables in anticipation of the Proposed Transaction, and Transferee will report items which, but for the Proposed Transaction, would have resulted in income or deduction to Transferor in a period subsequent to the Proposed Transaction and such items will constitute income or deductions to Transferee when received or paid by it. Further, the proceeds received in collection of the income items will be included as ordinary income in computing the taxable income of Transferee.
13. There is no property being transferred that will be leased back to Transferor, Co-Transferor, or a related party.
14. All exchanges in the Proposed Transaction will occur on approximately the same date.
15. No stock or securities of Transferee will be issued to Transferor for services rendered to or for the benefit of Transferee in connection with the Proposed Transaction.
16. There is no indebtedness between Transferee and Transferor and there will be no indebtedness created or deemed created in favor of Transferor as a result of the Proposed Transaction. See Rev. Rul. 80-228, 1980-2 C.B. 115.
17. Each of the parties to the Proposed Transaction will pay their own expenses, if any, incurred in connection with the Proposed Transaction.
18. None of the property to be transferred to Transferee was received by Transferor as part of a plan of liquidation of another corporation.
19. The aggregate fair market value of the assets of Transferor that will be held by Transferee immediately after the Proposed Transaction will equal or exceed Transferee's aggregate basis in such assets at that time.

20. The Proposed Transaction is motivated, in whole or substantial part, by one or more bona fide non-federal income tax purposes as described in this request for ruling.
21. Transferee is not an investment company within the meaning of section 351(e) or Treas. Reg. §1.351-1(c)(1)(ii).
22. Items of income, gain, loss, deduction, and credit, if any, will be taken into account as required by the applicable intercompany transaction regulations (See Treas. Reg. §§1.1502-13 and 1.1502-14 as in effect before the publication of Treas. Reg. §1.1502-13 in T.D. 8597, 1995-2 C.B. 147, and as currently in effect).

Rulings

Based solely on the information submitted and representations set forth above, we rule as follows:

1. The transfer of the Land Rights by Transferor in exchange for Transferee stock in the Proposed Transaction will qualify as a transaction described in section 351. Section 351.
2. No gain or loss will be recognized by Transferor upon the transfer of the Land Rights in exchange for Transferee stock. Section 351(a).
3. No gain or loss will be recognized by Transferee upon its receipt of the Land Rights from Transferor in exchange for Transferee stock. Section 1032.
4. The basis of the stock of Transferee in the hands of Transferor will be an amount equal to the basis of the Land Rights. Section 358(a).
5. The holding period of the stock of Transferee received by Transferor on the transfer will include the holding period during which Transferor held the Land Rights, provided that the transferred assets were capital assets or were property described in section 1231. Section 1223(1).
6. The basis of the Land Rights in the hands of Transferee will be equal to the basis of the Land Rights in the hands of Transferor immediately prior to the Proposed Transaction. Section 362(a).
7. The holding period of the Land Rights in the hands of Transferee will be the same as the holding period of the Land Rights in the hands of Transferor immediately prior to the Proposed Transaction. Section 1223(2).

Caveats

Except as expressly provided herein, no opinion is expressed or implied as to the tax consequences of any aspect of any transaction or item discussed or referenced in this letter. In particular, no opinion is expressed or implied as to the tax consequences of Co-Transferor's transfer of Assets in exchange for Transferee stock, including whether Assets are property for purposes of section 351, the value of Assets, and whether the exchange of Assets for Transferee stock is a value-for-value exchange. Further, no opinion is expressed or implied as to the consequences of the Proposed Transaction under the Act.

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, a taxpayer filing its return electronically may satisfy this requirement by attaching a statement to its return that provides the date on and control number of the letter ruling.

In accordance with the Power of Attorney on file with this office, a copy of this letter is being sent to your authorized representatives.

Sincerely,

Kelton P. Frye
Assistant to the Branch Chief, Branch 2
Office of Associate Chief Counsel (Corporate)

cc: