Internal Revenue Service

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Department of the Treasury

Washington, DC 20224

Person to Contact:

Telephone Number:

Refer Reply To:
CC:DOM:CORP:5 - PLR-106726-00
Date:
April 28, 2000

In Re:

Acquiring =

Target =

Shareholder A =

Shareholder B =

Business A =

Business B =

Country A =

Date A =

Date B =

Date C =

Date D =

Date E =

a =

b =

c =

d =

:

This is in reply to your letter dated March 16, 2000 requesting that we rule on certain federal income tax consequences of a transaction. The information submitted in that request and in subsequent correspondence is substantially as set forth below.

Target, a Country A corporation, was engaged in Business A. Target had issued and outstanding a single class of voting common stock. As of Date A, Acquiring, a Country A corporation engaged in Business B, owned approximately a percent of Target's outstanding shares. As of Date A, Shareholder A, a U.S. corporation, owned approximately b percent of Target's outstanding shares. As of Date B, Shareholder B, a Country A corporation, owned c percent of Target's outstanding shares. The employees of Target owned approximately d percent of Target's outstanding shares. Target's remaining shares were widely dispersed among hundreds of shareholders. Shareholder A and Shareholder B were both customers of Target.

For what is represented to be a valid business purpose, Target merged into Acquiring under the laws of Country A on Date C. In the merger, all of Target's shareholders were required to exchange their shares in Target solely in exchange for voting common stock in Acquiring. Following the exchange of shares, Target dissolved, and Acquiring succeeded to, and became the legal owner of, all of the assets of Target. Target's board of directors approved the merger on Date D and Target's shareholders approved the merger on Date E.

Based solely on the information submitted, it is held that, pursuant to Notice 2000-1, 2000-2 I.R.B. 288 (Jan. 10, 2000), the determination of whether the transaction described above qualifies as a reorganization under § 368(a)(1)(C) of the Internal Revenue Code is to be made by applying the proposed income tax regulations relating to the solely for voting stock requirement in a reorganization under § 368(a)(1)(C) published in the Federal Register on June 14, 1999 (64 Fed. Reg. 31770). No opinion

is expressed, however, whether the transaction qualifies as a reorganization under § 368(a)(1)(C).

No opinion is expressed about the tax treatment of the proposed transaction under other provisions of the Code and regulations or about the tax treatment of any conditions existing at the time of, or effects resulting from, the proposed transaction that are not specifically covered by the above rulings.

This ruling letter is directed only to the taxpayers who requested 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 tax returns of the taxpayers involved for the taxable year in which the transaction covered by this ruling letter is consummated.

Pursuant to the power of attorney on file in this office, copies of this letter have been sent to the taxpayer and the taxpayer's representative.

Sincerely yours,

Assistant Chief Counsel (Corporate)

By: Charles Whedbee

Charles Whedbee
Senior Technical Reviewer, Branch 5