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Person To Contact:
, ID No.
Telephone Number:

Refer Reply To:
CC:INTL:BO3
PLR-132496-10

Date:
September 02, 2010

TY:

Dear :

Corp A =

Country B =
Country C =
Country D =
Business E =
Region F =
Region G =
Region H =

This is in response to your letter dated August 5, 2010, in which you request consent for Corp A to revoke, effective for Corp A's 2009 tax year, and for all subsequent taxable years, its elections to use the safe harbor method described in Treas. Reg. §1.901-2A(c)(3) in determining the amount of foreign income tax paid or accrued by Corp A to Country B and Country C. The information submitted for consideration is substantially as set forth below.

The rulings contained in this letter are based upon information and representations you submitted and accompanied by your penalty of perjury statement. While this office has not verified any of the material submitted in support of the request for a ruling, it is subject to verification on examination.

Corp A files its tax return on a calendar year basis and is the common parent of an affiliated group of corporations that join in the filing of a consolidated U.S. federal income tax return (the Corp A Group). It uses the accrual method of accounting. The

Corp A Group conducts Business E in Country D as well as is Region F, Region G (including Country B and Country C), and Region H.

Treas. Reg. §1.901-2A(c)(1) permits dual capacity taxpayers in computing foreign tax credits for qualifying levies of each country to use either a "facts and circumstances" method or a "safe harbor" method to determine the amount of a levy that is not paid in exchange for a specific economic benefit.

Treas. Reg. §1.901-2A(d) describes the manner in which taxpayers may elect and revoke the safe harbor method. Treas. Reg. §1.901-2A(d)(4) provides that the safe harbor method election may not be revoked without the consent of the Commissioner. The Commissioner will normally give consent provided the conditions set forth in the regulation are satisfied. The regulation provides that an application for consent to revoke the election must be made not later than 30 days before the due date (including extensions) for the filing of the income tax return for the first taxable year for which the revocation is sought to be effective, with certain exceptions not applicable to this situation. The Commissioner may make his consent to any revocation conditioned upon adjustments being made in one or more taxable years so as to prevent the revocation from resulting in a distortion of the amount of any item relating to tax liability in any taxable year. The Commissioner will normally consent to a revocation under the circumstances described in Treas. Reg. §1.901-2A(d)(4)(i) through (vi).

Treas. Reg. §1.901-2A(d)(4)(vi) provides that the Commissioner will normally consent to a revocation of a safe harbor election if the election has been in effect with respect to at least three taxable years prior to the taxable year for which the revocation is to be effective.

Corp A filed safe harbor elections for Country B and Country C with its tax return for its 2001 tax year. With respect to both countries, the safe harbor method has been used consistently for all qualifying levies since 2001. Corp A's application for consent to revoke the safe harbor election with respect to qualifying levies of Country B and Country C was made not later than 30 days before September 15, 2010, the due date (including extensions) for Corp A's U.S. consolidated federal income tax return for its 2009 tax year, and the applicable safe harbor election has been in effect with respect to at least Corp A's last three taxable years prior to its 2009 tax year. Accordingly, consent is granted to Corp A to revoke its safe harbor elections with respect to qualifying levies of Country B and Country C effective for its 2009 tax year and for all subsequent taxable years.

No opinion was requested, and no opinion is expressed, as to whether, based upon all of the relevant facts and circumstances, the amount (if any) paid pursuant to a levy or levies imposed by Country B or Country C is not an amount paid in exchange for a specific economic benefit.

Except as expressly provided herein, no opinion is expressed or implied concerning the tax consequences of any aspect of any transaction or item discussed or referenced in this letter.

This ruling is directed only to Corp A, 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.

The rulings contained in this letter are based upon information and representations submitted by you and accompanied by a penalty of perjury statement executed by an appropriate party. While this office has not verified any of the material submitted in support of the request for rulings, it is subject to verification on examination.

Sincerely,

Richard L. Chewning
Senior Counsel, Branch 3
Office of Associate Chief Counsel (International)

Enclosure: Copy for 6110 purposes