Internal Revenue Service

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Department of the Treasury
Washington, DC 20224

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Refer Reply To:
CC:CORP:B05
PLR-113736-22

Date:
October 17, 2022

Legend

Parent   =

FSub   =

US Sub   =

Resulting   =

Country A   =

Country B   =

Country C   =

State D   =

Exchange Y   =

Exchange Z   =

<u>a</u>   =

Dear   :

This letter responds to your letter dated July 14, 2022 requesting rulings on certain federal income tax consequences of a series of transactions (the "Proposed Transaction," as defined below). The material information submitted in that request and subsequent correspondence is summarized below.

This letter is issued pursuant to section 6.03(2) Rev. Proc. 2022-1, 2022-1 I.R.B. 1, regarding one or more significant issues under section 368 of the Internal Revenue Code (the "Code"). This office expresses no opinion as to 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

Parent, a Country A corporation, is the foreign parent of a worldwide group (collectively, the "Parent Group"). Parent has a single class of voting common stock outstanding that is owned by the public (the "Shareholders") and publicly traded. Parent's stock is primarily listed on Exchange Y.

Parent owns all of the stock of FSub, a foreign corporation organized under the laws of Country C. FSub, through its subsidiaries, owns and operates all of the Parent Group's foreign business operations.

Parent owns all of the stock of US Sub, a U.S. corporation organized under the laws of State D. US Sub is the common parent of an affiliated group of corporations that files a consolidated return for federal income tax purposes. Prior to the Proposed Transaction, Parent will contribute all of the stock of US Sub to FSub.

Proposed Transaction

For what are represented to be valid business purposes, Parent intends to redomicile in Country B through the following steps (collectively, the "Proposed Transaction"):

1. Parent will form Resulting, a Country B corporation. Parent will own a nominal amount of shares of Resulting.

2. Parent will subscribe for additional shares of Resulting for nominal consideration and instruct Resulting to issue such shares for the benefit of the Shareholders on its behalf, in the same ratio as their ownership in Parent. The nominal amount of shares of Resulting held by Parent will be cancelled.

3. Parent will sell all of the shares of FSub to Resulting pursuant to the laws of Country A in exchange for promissory notes. The notes will be non-interest bearing, demand notes with a face value equal to the fair market value of FSub's shares.

4. The Shareholders will exchange all of their Parent stock for Resulting stock (the "Resulting Exchange").

5. Resulting's shares will be listed on and begin trading on Exchange Z.

6. Parent will file a notice of amendment to convert into a Country A private limited company (an eligible entity for purposes of Treas. Reg. §301.7701-3). Approximately a days after the Resulting Exchange and during which time Resulting's shares will be traded on Exchange Z, Parent will convert.

7. Effective as of the date of the conversion, Parent will make an election to be classified as disregarded from its owner for federal income tax purposes (the "Election").

Representations

1. Step 3 will be structured as a sale transaction solely for Country A purposes.

2. No planned purchase or sale of stock of Resulting during the period of time between the Resulting Exchange and the Election will be included as part of the Plan of Reorganization.

Rulings

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

1. For federal income tax purposes, Steps 2, 3, 4, 6, and 7 of the Proposed Transaction will be treated as if 100 percent of the stock of Parent was contributed to Resulting and, subsequently, Parent made an election to be classified as disregarded from its owner for federal income tax purposes.

2. The period of time between the Resulting Exchange and the Election will not prevent the Proposed Transaction from qualifying as a reorganization under section 368(a)(1)(F).

3. Sales or exchanges of Resulting stock during the period of time between the Resulting Exchange and the Election will not prevent the Proposed Transaction from qualifying as a reorganization under section 368(a)(1)(F). Treas. Reg. §1.368-2(m)(1)(ii).

Caveats

Except as expressly provided herein, no opinion is expressed or implied concerning the tax treatment of the Proposed Transaction under any provision of the Code or regulations or the tax treatment of any conditions existing at the time of, or effects resulting from, the Proposed Transaction that is not specifically addressed by the above rulings. Furthermore, no opinion is expressed regarding whether the Proposed Transaction constitutes a reorganization under section 368(a)(1)(F).

Procedural Statements

This ruling is directed only to the taxpayer requesting 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 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 representative.

Sincerely,

_Douglas C. Bates_____
Douglas C. Bates
Chief, Branch 4
Office of Associate Chief Counsel (Corporate)

cc: