

Internal Revenue Service

Number: **202519003**

Release Date: 5/9/2025

Index Number: 1502.00-00, 1502.75-00

Department of the Treasury

Washington, DC 20224

[Third Party Communication:

Date of Communication: Month DD, YYYY]

Person To Contact:

, ID No.

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Refer Reply To:

CC:CORP:B04

PLR-113488-24

Date:

January 30, 2025

Legend

Parent =

Taxpayer =

Date 1 =

Date 2 =

Date 3 =

X =

Y =

Dear :

This letter responds to a letter dated July 22, 2024, requesting the consent of the Commissioner to file a consolidated return under § 1.1502-75(f)(1) of the Income Tax Regulations. Additional information was received subsequently. The material information submitted for consideration is summarized below.

The rulings contained in this letter are based upon information and representations submitted by the taxpayer 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, it is subject to verification on examination.

FACTS

On Date 1, a newly formed corporation, Parent, acquired all the common stock of Taxpayer, the common parent of an affiliated group of corporations within the meaning of section 1504 of the Internal Revenue Code (the "Code"). At the time of the acquisition, Taxpayer had outstanding preferred stock with an aggregate liquidation preference of \$X. The preferred stock had been issued immediately prior to the acquisition as part of a debt restructuring of Taxpayer that closed on Date 1. At the time of the debt restructuring, all parties to the restructuring believed that the aggregate fair market value of the preferred stock was \$X. The preferred stock was therefore believed to be stock described in section 1504(a)(4) and to be disregarded in determining the composition of an affiliated group pursuant to section 1504.

For the taxable year ending on Date 2, Parent filed a consolidated return as the common parent of an affiliated group that included Taxpayer and the affiliated subsidiaries of Taxpayer. Parent was a holding company with minimal or no activities of its own; all operations were conducted by Taxpayer or the affiliated subsidiaries of Taxpayer. On the return, the preferred stock was treated as stock described in section 1504(a)(4).

The taxpayer subsequently determined that the aggregate fair market value of the preferred stock as of Date 1 did not exceed \$Y and that the preferred stock therefore was not described in section 1504(a)(4). The taxpayer has concluded that Parent therefore was not in an affiliated group within the meaning of section 1504 with Taxpayer and the affiliated subsidiaries of Taxpayer during the taxable year ending Date 2.

The period of limitations on assessment under section 6501(a) for the taxable year ending Date 2 has not expired for Parent, Taxpayer, or any of the affiliated subsidiaries of Taxpayer that were included in the return filed for the taxable year ending Date 2.

RULINGS

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

(1) Taxpayer and the affiliated subsidiaries of Taxpayer (together, the "Taxpayer Group") are permitted to file a consolidated federal tax return for the taxable year beginning Date 3 and ending Date 2. § 1.1502-75(f)(1). The Taxpayer Group has a continuing consolidated return filing requirement pursuant to § 1.1502-75(a)(2).

(2) Provided that, pursuant to ruling (1) above, the Taxpayer Group files a consolidated federal income tax return for the taxable year beginning Date 3 and ending Date 2, Parent must amend the federal income tax return it filed for the taxable year ending

Date 2 to remove the items of income, gain, deduction, loss, and credit attributable to the Taxpayer Group.

CAVEAT

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.

PROCEDURAL MATTERS

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

Sincerely,

Gregory J. Galvin
Chief, Branch 1
Office of Associate Chief Counsel (Corporate)

cc: