

Internal Revenue Service

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Department of the Treasury

Washington, DC 20224

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Date of Communication: Not Applicable

Person To Contact:

, ID No.

Telephone Number:

Refer Reply To:

CC:INTL:B01

PLR-114435-24

Date:

February 11, 2025

Re: Letter Ruling Request Regarding
Expatriation

TY:

Legend

Taxpayer =

Country X =

Date

Year =

Corporation =

Dear :

This letter responds to your authorized representative's letter of August 9, 2024, and subsequent correspondence, requesting a ruling that Taxpayer satisfies the dual citizenship requirement under section 877A(g)(1)(B)(i)(I) of the Internal Revenue Code of 1986 (the "Code").

The facts and representations submitted are substantially as follows:

Taxpayer's parents were citizens of Country X. On Date, Taxpayer was born in the United States. Taxpayer became a citizen of both the United States and Country X at birth. Shortly after Taxpayer's birth, Taxpayer and Taxpayer's family returned to Country X.

Except during Taxpayer's graduate studies, Taxpayer has lived in Country X since infancy. Taxpayer has never voted in an election in the United States and has never been employed in the United States.

Taxpayer has voted in numerous Country X elections. Taxpayer has held passports issued by Country X and used these passports to enter and depart Country X. Taxpayer reported for military service and was assigned to the reserve forces of Country X. Since Year, Taxpayer has worked for Corporation, a family business founded and operated in Country X. Taxpayer is taxed on worldwide income as a resident of Country X. While a technical question regarding Taxpayer's citizenship status in Country X may have existed, Taxpayer has been treated as a citizen of Country X and retained all privileges and immunities of Country X citizenship at all times.

Due to changes in Country X's law, Taxpayer wishes to expatriate and retain only Country X citizenship. Taxpayer intends to relinquish U.S. citizenship shortly after the ruling process is complete.

LAW AND ANALYSIS

Section 877A applies to U.S. citizens or U.S. long-term residents who expatriate on or after June 17, 2008. The mark to market regime under section 877A(a)(1) treats all property of a covered expatriate, as defined under section 877A(g)(1), as sold on the day before the expatriation date for its fair market value. Notwithstanding any other provision of the Code, any gain arising from the section 877A(a) mark to market deemed sale is taken into account by the covered expatriate in the taxable year of the deemed sale, and any loss from the section 877A(a) mark to market deemed sale is taken into account to the extent otherwise allowed under the Code, except that section 1091 does not apply to such loss. See section 877A(a)(2). Section 877A(c) provides an exception to the section 877A(a) mark to market deemed sale treatment for any deferred compensation items, any specified tax deferred accounts, and any interest in a nongrantor trust.

The term covered expatriate is defined in section 877A(g)(1)(A), by cross reference to section 877(a)(2), as a former U.S. citizen or former U.S. long-term resident whose average income tax liability or net worth on the date of expatriation exceeds certain thresholds provided in section 877(a)(2)(A) and (B) or who fails to certify tax compliance as required by section 877(a)(2)(C).

A former U.S. citizen will not be treated as exceeding the applicable thresholds set out under section 877(a)(2)(A) and (B), if such individual (I) became at birth a citizen of the United States and a citizen of another country and, as of the expatriation date, continues to be a citizen of, and is taxed as a resident of, such other country, and (II) has been a U.S. resident for not more than 10 taxable years during the 15 taxable year period ending with the taxable year during which the expatriation date occurs. See section 877A(g)(1)(B)(i).

Taxpayer satisfies the requirements of section 877A(g)(1)(B)(i)(I) because Taxpayer possessed citizenship of Country X and the United States at birth and, as of the anticipated expatriation date, continues to be a citizen of Country X and is taxed as a resident of Country X.

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.

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 ruling contained in this letter is 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 for rulings, it is subject to verification on examination.

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.

In accordance with the Power of Attorney on file with this office, we have sent a copy of this letter to your authorized representative.

Sincerely,

Associate Chief Counsel
(International)

By: Lara A. Banjanin

Lara A. Banjanin
Senior Counsel, Branch 1
Office of the Associate Chief Counsel
(International)

Enclosure

Copy for § 6110 purposes

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cc: