

Internal Revenue Service

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Department of the Treasury

Washington, DC 20224

Third Party Communication: None

Date of Communication: Not Applicable

Person To Contact:

, ID No.

Telephone Number:

Refer Reply To:

CC:CORP:1

PLR-121170-24

Date:

February 27, 2025

Legend

Distributing =

Controlled =

FSub 1 =

FSub 2 =

FSub 3 =

US Sub =

State A =

Country A =

Business A =

Business B =

Continuing Arrangements =

Intercompany Loan
Receivables =

Preparatory Internal
Transactions =

Transaction Agreements =

a =

Dear :

This letter responds to your representatives' letter dated November 15, 2024, on behalf of Distributing, as supplemented by subsequent information and documentation, requesting rulings on certain federal income tax consequences of a series of transactions (the "Proposed Transaction"). The material information provided in that request and subsequent correspondence is summarized below.

This letter is issued pursuant to Rev. Proc. 2024-1, 2024-1 I.R.B. 1, and Rev. Proc. 2017-52, 2017-41 I.R.B. 283, as amplified and modified by Rev. Proc. 2024-24, 2024-21 I.R.B. 1214, regarding one or more "Covered Transactions" under Section 355 and 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 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 office has made no determination regarding whether the Distribution (as defined below) satisfies the business purpose requirement of Treas. Reg. §1.355-2(b).

Summary of Facts

Distributing, a publicly traded corporation organized under the laws of Country A, is the parent company of a worldwide group of domestic and foreign affiliates (the "Distributing Worldwide Group"). The Distributing Worldwide Group is engaged in Business A and Business B. Distributing proposes to undertake the Proposed Transaction to separate Business B from Business A pursuant to one overall plan of reorganization.

Proposed Transaction

In preparation for the Proposed Transaction, Distributing will undertake Preparatory Internal Transactions to position Business B to be separated from Business A. After the Preparatory Internal Transactions, Distributing will own: (i) all of the stock in (a) Controlled, an entity organized under the laws of Country A, (b) FSub 1, an entity organized under the laws of Country A, (c) FSub 2, an entity organized under the laws of Country A, (d) FSub 3, an entity organized under the laws of Country A, (d) US Sub, a State A corporation, (ii) Intercompany Loan Receivables, and (ii) Business B assets.

For what is represented to be a valid business purpose, Distributing proposes to engage in the following transactions (the “Proposed Transaction”) to separate Business B from Business A. Following the Proposed Transaction, Distributing will conduct Business A and Controlled will conduct Business B.

Step 1: Distributing will contribute the following to Controlled in exchange for no consideration: (i) all of the stock of FSub 1, FSub 2, FSub 3, and US Sub; (ii) Intercompany Loan Receivables; and (iii) Business B assets (the “Contribution”).

Step 2: Distributing will distribute all of the stock of Controlled pro rata to its public shareholders (the “Distribution”).

Following the Distribution, the stock of Controlled will be listed on one or more stock exchanges.

Post-Transaction Contributions

Following the Proposed Transaction, Controlled will contribute certain financing activities, Intercompany Loan Receivables, and certain assets to entities in its post-transaction affiliated group (“Post-Transaction Contributions”).

Continuing Arrangements and Transaction Agreements

In connection with the Proposed Transaction, Distributing and Controlled (or their respective affiliates) will enter into certain Continuing Arrangements and Transaction Agreements.

Share Repurchases

Distributing has an existing open market share repurchase program. Following the Proposed Transaction, Controlled will institute a similar open market share repurchase program and an accelerated share repurchase (“ASR”) program.

Representations

The following representation has been made with respect to the Preparatory Internal Transactions:

- a) The Intercompany Loan Receivables are treated as indebtedness for US federal income taxes purposes.

The following representations have been made with respect to the Proposed Transaction:

Rev. Proc. 2017-52

Except as set forth below, Distributing has made all the representations in section 3 of the Appendix to Rev. Proc. 2017-52 except as modified by Rev. Proc. 2024-24.

- a) Distributing has made the following alternative representations: Representations 3(a); 8(b); 11(a); 22(a); 31(a); and 41(a).
- b) Distributing has not made the following representations, which do not apply to the Proposed Transaction: Representations 24; 25; 36; 37; 38; 39; and 40.
- c) Distributing has made the following modified representations:

Representations in lieu of Representations 14, 15 and 29:

- a. Immediately after the Distribution, the fair market value of the business assets of each of Distributing and Controlled will be greater than 80 percent of the fair market value of its total assets. For this purpose, the term “business assets” of a corporation means its gross assets used in one or more businesses and all members of such corporation’s separate affiliated group (within the meaning of section 355(b)(3)(B)) are treated as one corporation. Such assets include cash and cash equivalents held as a reasonable amount of working capital for one or more businesses. Such assets also include assets required (by binding commitment or legal requirement) to be held to provide for exigencies related to a business or for regulatory purposes with respect to a business.
- b. There is no plan or intention by the shareholders or security holders of Distributing to sell, exchange, transfer by gift, or otherwise dispose of any of their stock in, or securities of, either Distributing or Controlled after the Proposed Transaction.
- c. There is no plan or intention by Distributing or Controlled, directly or through any related person (within the meaning of section 267(b) or section 707(b)(1)), to purchase any of its outstanding stock after the Proposed Transaction, other than through stock purchases meeting the requirements set forth below:
 - i. With respect to any repurchase of shares of stock of Distributing or Controlled, as applicable, after the Distribution, including potentially in the open market or through an ASR of Controlled (and together with any other repurchase, a “Post-Distribution Repurchase”):
 - 1. Any Post-Distribution Repurchase will be motivated by a business purpose, and the stock that will be repurchased by

Distributing or Controlled, or acquired by a counterparty pursuant to an ASR of Controlled, will be widely held;

2. To the extent that any Post-Distribution Repurchase is made on the open market (including through a U.S. Securities and Exchange Commission ("SEC") Rule 10b5-1 plan under the Securities Exchange Act of 1934 (15 U.S.C. 78j) ("Exchange Act"), a purchase in compliance with SEC Rule 10b-18 of the Exchange Act, or a tender offer), Distributing or Controlled, as applicable, does not expect to know the identity of any shareholder from which stock will be repurchased. To the extent that any Post-Distribution Repurchase is made through an ASR, Controlled does not expect to know with certainty the identity of any shareholder from which stock is borrowed or purchased by each counterparty that participates in such ASR;
 3. There is no plan or intention that the aggregate amount of stock purchased or acquired through Post-Distribution Repurchase will equal or exceed a percent of the outstanding stock of Distributing or Controlled, as applicable; and
 4. No Post-Distribution Repurchase will be motivated to any extent by a desire to increase or decrease the ownership percentage of any particular shareholder or group of shareholders.
- d. There is no plan or intention to liquidate either Distributing or Controlled, to merge either corporation with any other corporation, or to sell or otherwise dispose of the assets of either corporation after the Proposed Transaction, except in the ordinary course of business.
 - e. There was no agreement, understanding, arrangement, or substantial negotiations at any point during the two-year period ending on the date of the Distribution regarding an acquisition of either Distributing or Controlled (including a predecessor or successor within the meaning of Treas. Reg. § 1.355-8) or a similar acquisition.

Rev. Proc. 2024-24

Except as set forth below, Distributing has made all the representations in sections 3.03 through 3.05 of Rev. Proc. 2024-24.

- a) Distributing has made the following alternative representation in section 3.03(2) of Rev. Proc. 2024-24: Alternative Representation 1A.
- b) Distributing has not made the following representations in section 3.03 of Rev. Proc. 2024-24, which do not apply to the Proposed Transaction: Representations 2, 3, 4, 5, 6, 13, 15A and 15B, 16, 17A and 17B, 18, 19, 20, 21, 22, 23, 25, 26, 27, 28, 29, 30, 31, 32, 33, 34, 35, and 36.

Rulings

Based solely on the information submitted and the representations set forth above, we rule as follows with respect to the Proposed Transaction:

1. The Proposed Transaction will qualify as a tax-free reorganization and distribution pursuant to section 368(a)(1)(D) and section 355. Distributing and Controlled will each be a “party to a reorganization” within the meaning of section 368(b).
2. Distributing will recognize no gain or loss on the Contribution. Section 361(a).
3. Controlled will recognize no gain or loss on the Contribution. Section 1032(a).
4. Controlled’s basis in each asset received in the Contribution will be the same as the basis of the asset in the hands of Distributing immediately before the Contribution. Section 362(b).
5. Controlled’s holding period in each asset received in the Contribution will include the period during which Distributing held the asset. Section 1223(2).
6. Distributing’s shareholders will recognize no gain or loss (and no amount will be includible in their income) on the receipt of Controlled stock in the Distribution. Section 355(a)(1).
7. Distributing will recognize no gain or loss on the Distribution. Sections 355(c), 361(c).
8. The holding period of the Controlled stock received by Distributing’s shareholders in the Distribution will include the holding period of the Distributing stock with respect to which the Distribution will be made, provided that such Distributing stock is held as a capital asset on the date of the Distribution. Section 1223(1).
9. Earnings and profits, if any, will be allocated between Distributing and Controlled in accordance with section 312(h) and Treas. Reg. §1.312-10(a).

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 and regulations or the tax treatment of any condition existing at the time of, or effects resulting from, the Proposed Transaction that is not specifically covered by the above rulings.

No opinion is expressed or implied concerning the tax treatment of, and tax consequences from, the Preparatory Internal Transactions and Post-Transaction Contributions under any provision of the Code or regulations or the tax treatment of any condition existing at the time of, or effects resulting from, the Preparatory Internal Transactions and Post-Transaction Contributions.

Procedural Statements

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, a taxpayer filing its return electronically may satisfy this requirement by attaching a statement to its return that provides the date on 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,

Petya V. Kirilova
Assistant to the Branch Chief, Branch 5
(Corporate)

cc: