



Controlled foreign corporations A, B, C, and D are wholly owned subsidiaries of domestic corporations M, N, O, and P, respectively. M, N, O, and P are not related persons. According to a prearranged plan, A, B, C, and D each acquire trade or service receivables from M, N, O, and/or P. The obligors under some or all of the receivables acquired by each of A, B, C, and D are United States persons.

The effect of the prearranged plan is that each of A, B, C, and D acquires trade or service receivables of United States persons from one or more unrelated United States persons who are also parties to the arrangement, in exchange for reciprocal purchases of receivables from a related United States person. Accordingly, each of A, B, C, and D is treated as holding a trade or service receivable acquired from a related United States person and is subject to the rules of Treas. Reg. §1.956-3. As a result, each of A, B, C, and D is treated as holding an amount of United States property equal to its adjusted basis in the receivables acquired pursuant to the arrangement with respect to which the obligors are United States persons.