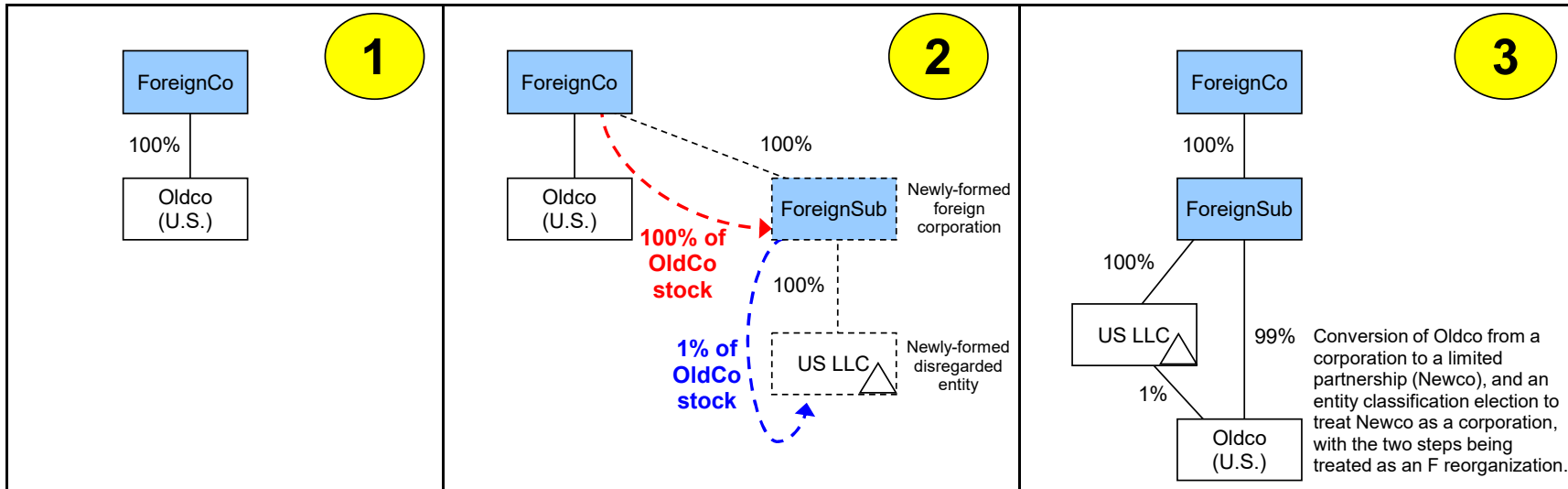


Conversion of Corp to LP and Election to Treat LP as Corp

Initial Structure

351 Exch. & Disregarded Contrib'n

Conversion to LP & Corp Election (F Reorg)



ForeignCo contributed Oldco to a new Country Z entity ("ForeignSub"). ForeignSub then formed a new US LLC, which was a disregarded entity. ForeignSub contributed 1% of Oldco to the US LLC. Oldco was then converted into a limited partnership ("Newco") pursuant to the state law conversion statute, with ForeignSub being a 99% limited partner and the US LLC being a 1% general partner ("the Conversion"). Newco elected to be treated as a C corporation for federal tax purposes, effective the date of the Conversion.

Because Newco's election to be treated as a corporation was effective as of the date of the Conversion, Newco never existed as a partnership for federal tax purposes. The conversion of Oldco into Newco and Newco's election to be treated as a corporation qualifies as a reorganization under section 368(a)(1)(F), even though it is a step in a larger transaction that includes a series of steps. See Rev. Rul. 96-29.

- △ Means "flow-thru" for U.S. tax purposes
- Blue means non-U.S. person / non-U.S. entity

Ending Point

