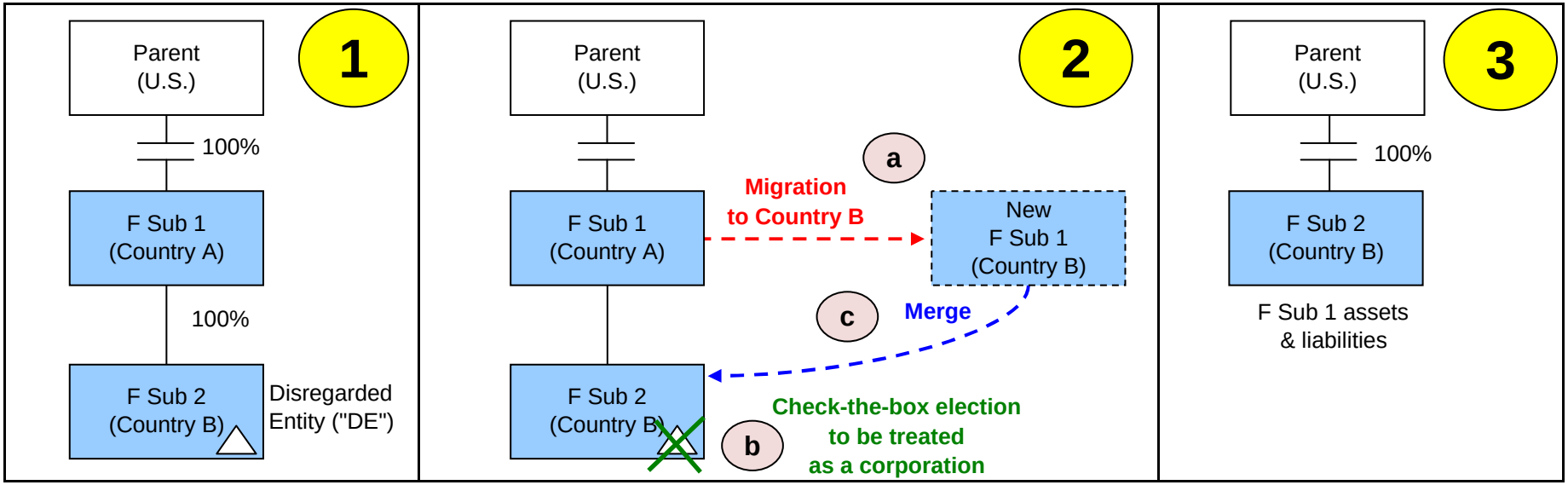
PLR 201122002

Migration, "Uncheck" of DE & Downstream Merger into DE Treated as F Reorganization

Initial Structure | **Migration, Election & Merger** | **Ending Point**



Parent, a publicly traded State A corporation, is the parent of a worldwide group of corporations and other legal entities. Immediately prior to the completed transactions, described below, Parent owned all of the outstanding stock of FSub 1, a Country A entity that was treated as a controlled foreign corporation ("CFC") under section 957(a). FSub 1 owned all of the outstanding interests in FSub 2, a Country B entity that was disregarded as an entity separate from FSub 1 for federal tax purposes.

In order to reduce accounting, banking, systems, legal, regulatory, and stewardship costs through the elimination of unnecessary legal entities, Parent caused the following transactions to occur: (i) On Date 1, FSub 1 migrated its country of incorporation from Country A to Country B. The resulting entity is referred to herein as "New FSub 1." (ii) Effective on Date 2, FSub 2 elected under Treas. Reg. § 301.7701-3 to be treated as an association taxable as a corporation for federal income tax purposes. (iii) On Date 3, New FSub 1 merged into FSub 2, with FSub 2 surviving, under applicable Country B law (together with steps (i) and (ii), the "Reorganization"). The ruling held that the 3 steps were treated as a reorganization within the meaning of section 368(a)(1)(F). FSub 1 and FSub 2 each was "a party to a reorganization" within the meaning of section 368(b).