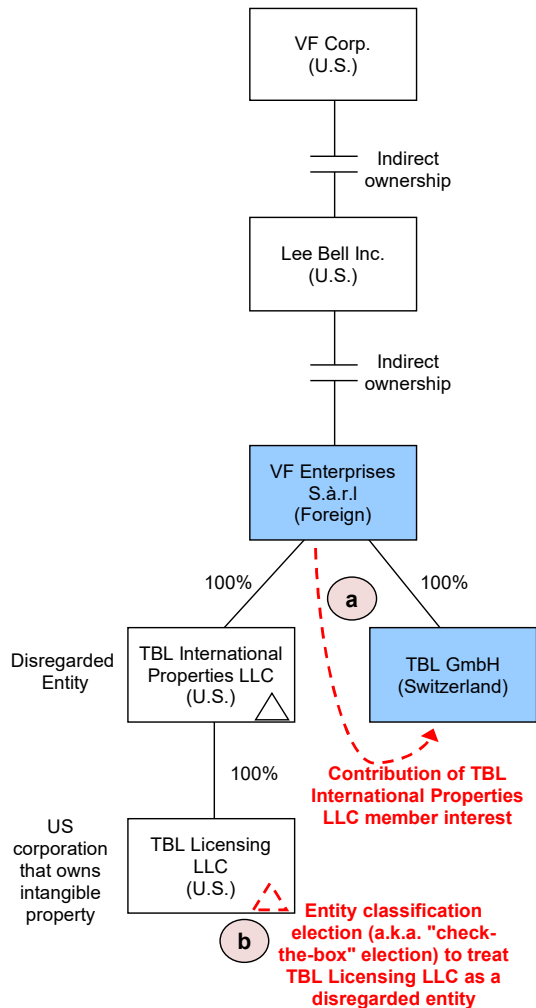
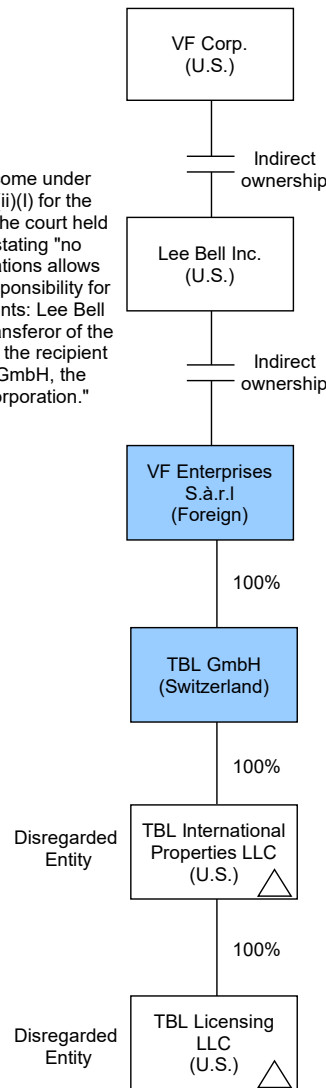


Contribution & CTB Election (Outbound F Reorganization)

Post- Reorganization Structure

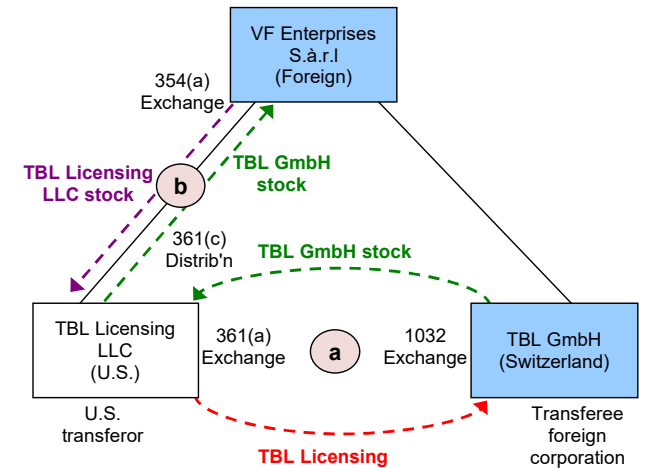


Lee Bell reported income under section 367(d)(2)(A)(ii)(I) for the years 2011 to 2017. The court held this was incorrect, stating "no provision in the regulations allows Lee Bell to assume responsibility for reporting those payments: Lee Bell was neither the U.S. transferor of the intangible property nor the recipient of the stock of TBL GmbH, the transferee foreign corporation."



The Tax Court held that the constructive 361(c) distribution in step "b" below was a disposition that followed the constructive 361(a) exchange in step "a" below. Consequently, TBL Licensing LLC was required to recognize full gain under 367(d)(2)(A)(ii)(II).

Deemed Steps in the Outbound F Reorganization



(TBL International Properties LLC is not shown above, as it is a disregarded entity.)

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