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Person To Contact:
, ID No.

Telephone Number:

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09/19/23

In Re: Request for rulings under section 168(l)(9) regarding the proper treatment of accumulated deferred income taxes ("ADIT") under the depreciation normalization provisions of the Internal Revenue Code

LEGEND:

Taxpayer =

Subsidiary A =

Subsidiary B =

Subsidiary C =

Subsidiary D =

Regulated Utility A =

Regulated Utility B =

Regulated Utility C =

Regulated Utility D =

Regulated Utility E =

Regulated Utility F =

Regulated Utility G =

Regulated Utility H =

Regulated Utility I =

Regulated Utility J =

Regulated Utility K =

City =

State =

Year 1 =

Resource A =

Resource B =

Resource C =

Resource D =

Management =

Commission A =

Organization =

Decision =

System =

Association =

Court =

a =

b =

c =

d =

e =

f =

Dear :

This letter responds to a request for a private letter ruling dated November 23, 2022, submitted on behalf of Taxpayer, Subsidiary A, Subsidiary B, Subsidiary C, and Subsidiary D, regarding the proper treatment of accumulated deferred income taxes ("ADIT") under § 168(i)(9) of the Code following the condemnation of Subsidiary C's and Subsidiary D's utility assets by City in Year 1 (the "Condemnation").

FACTS

Taxpayer represents that the facts are as follows:

Taxpayer is a Resource A management company that owns, operates, and manages Resource A, Resource B, and Resource C facilities through its a utility operating subsidiaries, serving approximately b active service connections in State. Subsidiary A is a wholly-owned utility holding company subsidiary of Taxpayer. Subsidiary B is a wholly-owned utility holding company subsidiary of Subsidiary A. Subsidiary C is a wholly-owned subsidiary of Subsidiary B. Prior to the Condemnation, Subsidiary C was a regulated Resource A and Resource B public utility serving residents of City. Following the Condemnation, and currently, Subsidiary C is a non-operating entity. Subsidiary D also is a wholly-owned subsidiary of Subsidiary B. Subsidiary D was a regulated Resource A utility serving residents of the greater City area. Prior to the Condemnation, its assets were transferred to Subsidiary C; it was

included in the Condemnation at the request of the City. Following the Condemnation, Subsidiary D remains a non-operating entity.

As members of the Taxpayer affiliated group, Subsidiaries C and D join in the filing of a consolidated return with other Taxpayer operating companies. Prior to, and at the time of the Condemnation, Subsidiary C was subject to the ratemaking jurisdiction of Commission A, as was Subsidiary D prior to the transfer of its assets to Subsidiary C. Following the Condemnation, however, neither Subsidiary C nor Subsidiary D had any remaining public utility property subject to cost of service/rate of return ratemaking. Taxpayer owns and operates other Resource A and Resource B public utilities that are subject to the jurisdiction of Commission A ("State Regulated Utilities").

The most recent rate case before Commission A involved the following Regulated Utilities: Regulated Utility A, Regulated Utility B, Regulated Utility C, Regulated Utility D, Regulated Utility E, Regulated Utility F, Regulated Utility G, Regulated Utility H, Regulated Utility I, Regulated Utility J, and Regulated Utility K. All of these State Regulated Utilities are wholly-owned by Taxpayer or a subsidiary holding company of Taxpayer. All of the State Regulated Utilities participate in the consolidated federal income tax return of Taxpayer. For purposes of maintaining their accounting records and for State ratemaking purposes, the State Regulated Utilities are treated as separate entities. For ratemaking purposes, income taxes are calculated on a stand-alone basis.

Taxpayer and each of its subsidiaries are accrual basis taxpayers. Taxpayer is the common parent of an affiliated group of corporations filing a consolidated return on a calendar-year basis. Taxpayer, as the common parent of the affiliated group, serves as the agent of Subsidiary C and Subsidiary D and of the State Regulated Utilities for purposes of this private letter ruling request pursuant to § 1.1502-77(a) of the Income Tax Regulations.

"Staff" refers to the employees of Commission A who participated in the rate proceeding culminating in the rate order at issue in this private letter ruling request. "Organization" refers to the organization established by the State Legislature to represent the interests of residential utility ratepayers in rate-related proceedings involving public service corporations before Commission A. "Decision" refers to Commission A decision addressing the issue presented herein and directing Taxpayer to seek this private letter ruling request. System is the System prescribed by the Association for Resource A and Resource D.

Taxpayer invested condemnation proceeds from the Subsidiary D condemnation into the utility plant assets of the State Regulated Utilities and recorded ADIT on the books of the State Regulated Utilities. The State Regulated Utilities are required to follow the System prescribed by Association. All amounts of ADIT recorded on the books of the State Regulated Utilities were recorded pursuant to their obligation to apply the accounting set forth in the Association System.

Other than Regulated Utility I, Regulated Utility F, and Regulated Utility C, the balance of companies are utilities where the revenue requirement in the rate cases listed above is determined by using a cost of service/rate of return basis. An income tax allowance is provided for the utilities using standard ratemaking methods employed by the Commission A and ADIT is subtracted (or added) to rate base. The State Regulated Utilities and specifically Regulated Utility J and Regulated Utility A record an ADIT Liability for method and life differences between the amounts of accelerated federal income tax depreciation that they would claim on a stand-alone basis and book depreciation. The ADIT liability for those method/life depreciation differences is recorded in accounts e/f. Their recording of those ADIT liability amounts on their books is in accordance with the System prescribed by Association, which they are required to follow. The System does not provide guidance on the treatment of ADIT upon the condemnation of assets previously included in rate base.

Thus, the issue of the amount of ADIT that is reflected in rate base primarily affects two utilities, Regulated Utility J and Regulated Utility A. The other utilities in the above-noted rate cases have their revenue requirement determined by a different method, such as their operating margin, where the rate base does not have an impact on each of those utility's revenue requirement.

Background of the Condemnation of Subsidiary C and Subsidiary D Assets

In Year 1, City condemned public utility property of Subsidiary C and Subsidiary D and, pursuant to an order of the Court, the City paid Taxpayer approximately c as "just compensation" for the condemned assets. Taxpayer used the condemnation proceeds to, inter alia, acquire additional new Resource A and Resource B uses, and to construct or improve other Resource A and Resource B-related facilities. Taxpayer realized an approximately \$d pre-tax gain upon receipt of the condemnation proceeds, and it properly elected to defer the recognition of the gain attributable to public utility property under § 1033(a)(2). Following the Condemnation, neither Subsidiary D, Subsidiary C, nor any other Taxpayer Resource A subsidiary, had any continuing relationship with the former Subsidiary C customers who become customers of City. Similarly, none of the former customers of Subsidiary D or Subsidiary C became customers of any other Taxpayer Resource A subsidiary absent their relocation to the service territory of another Taxpayer operating subsidiary. Finally, neither the condemned assets nor the cost to operate such assets, including depreciation, were included in the rate case filings of any Taxpayer Resource A subsidiary following the Condemnation. In summary, all the assets and the customer relationships were transferred from Subsidiary D and Subsidiary C to City upon the Condemnation.

Taxpayer

In addition, Taxpayer reduced the basis of the replacement assets by the amount of deferred gain in accordance with § 1033(b). Following the Condemnation, Subsidiary D and Subsidiary C became non-operating utilities, owned no operational assets or any public utility property, served no customers within those utilities, and were no longer rate regulated by Commission A.

Staff and Taxpayer agreed that Taxpayer, as the common parent of the affiliated group, was entitled to the proceeds of the Condemnation. Taxpayer represents that Taxpayer, not Taxpayer group's operating Resource A companies or their customers, would bear the cost of any tax ultimately triggered upon a disposition of the replacement assets. Thus, Taxpayer received the tax benefit of the deferral. Section 1.1502-6 provides that members of a consolidated group have joint and several liability for the federal income taxes. Taxpayer represents, however, that as the common parent of the consolidated group, Taxpayer will be responsible for the tax liability, and will bear the entire liability for the tax on the deferred gain when it is recognized.

Amongst the issues presented in Taxpayer's most recent general rate case for its Resource A and Resource B subsidiaries was whether the ADIT on the regulatory books of Subsidiary C and Subsidiary D at the time of the Condemnation must be retired, along with the deemed retirement of the condemned assets or whether the ADIT can carry over to the replacement assets acquired with the condemnation proceeds. Among the other issues presented in Taxpayer's most recent general rate case for its State Regulated Utilities is whether the ADIT that was recorded on the books of each of the State Regulated Utilities pursuant to instructions in the Association System can be deducted from utility rate base. This issue specifically focuses on the ADIT liability amounts that the State Regulated Utilities recorded on their books in accounts e/f related to the State Regulated Utilities claiming accelerated federal income tax depreciation on the amounts of utility plant in service that is included in their respective rate base, and recording the differences between their book and tax depreciation as liability amounts of ADIT under the System.

The method and life differences between book and tax depreciation are recorded in accounts e/f as ADIT liabilities, recognizing the amounts of income taxes that are being deferred due to the tax deductions for depreciation being based on an accelerated method (known as "method" differences) and using shorter depreciable lives (known as "life" differences) versus book depreciation.

It is not disputed that a tax deferral has occurred and is continuing. Also, it is not disputed that for accounting purposes, the State Regulated Utilities recorded the impact of the deferral on the utility's books in the ADIT liability account.

In its Decision, Commission A ordered Taxpayer to seek a private letter ruling to resolve the specific question whether the failure to eliminate the deferred taxes

attributable to assets condemned in a transaction governed by § 1033 would violate the normalization provisions of § 168(i)(9).

In this rate case, Taxpayer maintained that, for federal income tax purposes, the Condemnation was a "retirement" of the Subsidiary C and Subsidiary D assets and that, as such, the ADIT attributable to those assets must be eliminated under § 1.167(l)-1(h)(2) and cannot be used by any other regulated public utility in the Taxpayer network as a reduction to rate base or as a form of zero-cost capital. Moreover, Taxpayer maintained that under various portions of the regulations under §§ 1.168(i)-8 and 1.167(a)-8, condemnations are simply another form of retirement, representing the permanent withdrawal of depreciable public utility property from Subsidiary C's and Subsidiary D's regulated trade or business. Taxpayer notes that following the Condemnation, Subsidiary C and Subsidiary D became non-operating entities, no longer rate regulated by Commission A.

The State Regulated Utilities have recorded ADIT on their books pursuant to the instructions in the Association System, which state that ADIT generally can be deducted from utility rate base. This issue specifically focuses on the ADIT liability amounts that the State Regulated Utilities recorded on their books in accounts e/f related to the State Regulated Utilities claiming accelerated federal income tax depreciation on the amounts of utility plant in service that is included in their respective rate base as of the time of the Condemnation, and recording the differences between their book and tax depreciation as liability amounts of ADIT under the System. The method and life differences between book and tax depreciation are recorded in accounts e/f as ADIT liabilities, recognizing the amounts of income taxes that are being deferred due to the tax deductions for depreciation being based on an accelerated method (known as "method" differences) and using shorter depreciable lives (known as "life" differences) versus book depreciation.

It is normal in utility rate proceedings for the regulatory commission to be able to rely upon the utilities that it regulates following the Association System. These State Regulated Utilities are required to follow the Association System for their accounting. Pursuant to their following the Association System accounting for ADIT on their books, the State Regulated Utilities have recorded ADIT liability amounts related to the method/life differences between their book and tax depreciation. The ADIT liability amounts that have been recorded by the State Regulated Utilities would be reflected as deductions from utility rate base under normal circumstances. In Commission A Staff's view, the pertinent question is whether the source of funds for the investment by Taxpayer in the utility plant of the State Regulated Utilities would prohibit Commission A for ratemaking purposes from relying upon the recorded ADIT liability amounts that the State Regulated Utilities have recorded on their books pursuant to the requirements of the Association System. Taxpayer represents that a tax deferral has occurred and is continuing, for accounting purposes, the State Regulated Utilities recorded the impact of the deferral on the utility's books in the ADIT liability account, and the federal Income tax normalization rules do not prohibit adjustments related to book/tax basis differences.

RULING REQUESTED

The failure to eliminate the deferred taxes, including ADIT and the deferred tax reserves on the regulated books of Subsidiary C and Subsidiary D as of the date of the Condemnation, attributable to public utility property condemned in a transaction governed by § 1033 would violate the normalization provisions of § 168(i)(9).

LAW AND ANALYSIS

Section 168(f)(2) provides that the depreciation deduction determined under § 168 shall not apply to any public utility property (within the meaning of § 168(i)(10)) if the taxpayer does not use a normalization method of accounting.

Section 168(i)(10) defines, in part, public utility property as property used predominantly in the trade or business of the furnishing or sale of electrical energy, water, or sewage disposal services, if the rates for such furnishing or sale, as the case may be, have been established or approved by a State or political subdivision thereof.

Prior to the Revenue Reconciliation Act of 1990, the definition of public utility property was contained in § 167(l)(3)(A) and § 168(i)(10), which defined public utility property by means of a cross reference to § 167(l)(3)(A). The definition of public utility property is unchanged. Section 1.167(l)-1(b) provides that under § 167(l)(3)(A), property is public utility property during any period in which it is used predominantly in a § 167(l) public utility activity. The term “section 167(l) public utility activity” means, in part, the trade or business of the furnishing or sale of electrical energy, water, or sewage disposal services, if the rates for such furnishing or sale, as the case may be, are regulated, i.e., have been established or approved by a regulatory body described in § 167(l)(3)(A). The term “regulatory body described in § 167(l)(3)(A)” means a State (including the District of Columbia) or political subdivision thereof, any agency or instrumentality of the United States or a public service or public utility commission or other body of any State or political subdivision thereof similar to such a commission. The term “established or approved” includes the filing of a schedule of rates with a regulatory body which has the power to approve such rates, though such body has taken no action on the filed schedule or generally leaves undisturbed rates filed by the taxpayer.

The definitions of public utility property contained in § 168(i)(10) and former § 46(f)(5) are essentially identical. Section 1.167(l)-1(b) restates the statutory definition providing that property will be considered public utility property if it is used predominantly in a public utility activity and the rates are regulated. Section 1.167(l)-1(b)(1) provides that rates are regulated for such purposes if they are established or approved by a regulatory body. The terms established or approved are further defined to include the filing of a schedule of rates with the regulatory body that has the power to

approve such rates, even if the regulatory body has taken no action on the filed schedule or generally leaves undisturbed rates filed.

The regulations under former § 46, specifically § 1.46-3(g)(2), expand the definition of regulated rates. The expanded definition embodies the notion of rates established or approved on a rate of return basis. This notion is not specifically provided for in the regulations under former § 167. Nevertheless, there is an expressed reference to rate of return in § 1.167(l)-1(h)(6)(i). The operative rules for normalizing timing differences relating to use of different methods and periods of depreciation are only logical in the context of rate of return regulation. The normalization method, which must be used for public utility property to be eligible for the depreciation allowance available under § 168, is defined in terms of the method the taxpayer uses in computing its tax expense for purposes of establishing its cost of service for ratemaking purposes and reflecting operating results in its regulated books of account. Thus, for purposes of applying the normalization rules, the definition of public utility property is the same for purposes of the investment tax credit and depreciation.

In order to use a normalization method of accounting, § 168(i)(9)(A)(i) requires a taxpayer, in computing its tax expense for establishing its cost of service for ratemaking purposes and reflecting operating results in its regulated books of account, to use a method of depreciation for property that is the same as, and a depreciation period for such property that is not shorter than, the method and period used to compute its depreciation expense for such purposes. Under § 168(i)(9)(A)(ii), if the amount allowable as a deduction under § 168 differs from the amount that would be allowable as a deduction under § 167 using the method, period, first and last year convention, and salvage value used to compute regulated tax expense under § 168(i)(9)(A)(i), then the taxpayer must make adjustments to a reserve to reflect the deferral of taxes resulting from such difference.

Section 168(i)(9)(B)(i) provides that one way the requirements of § 168(i)(9)(A) will not be satisfied is if the taxpayer, for ratemaking purposes, uses a procedure or adjustment which is inconsistent with such requirements. Under § 168(i)(9)(B)(ii), such inconsistent procedures and adjustments include the use of an estimate or projection of the taxpayer's tax expense, depreciation expense, or reserve for deferred taxes under § 168(i)(9)(A)(ii), unless such estimate or projection is also used, for ratemaking purposes, with respect to all three of these items and with respect to the rate base (hereinafter referred to as the "Consistency Rule").

Former § 167(l) generally provided that public utilities were entitled to use accelerated methods for depreciation if they used a "normalization method of accounting." A normalization method of accounting was defined in former § 167(l)(3)(G) in a manner consistent with the definition in § 168(i)(9)(A). Section 1.167(l)-1(a)(1) provides that the normalization requirements for public utility property pertain only to the deferral of federal income tax liability resulting from the use of an accelerated method of depreciation for computing the allowance for depreciation under § 167 and the use of

straight-line depreciation for computing tax expense and depreciation expense for purposes of establishing cost of services and for reflecting operating results in regulated books of account. These regulations do not pertain to other book-tax timing differences with respect to state income taxes, F.I.C.A. taxes, construction costs, or any other taxes and items.

Section 1.167(l)-1(h)(1)(i) provides that the reserve established for public utility property should reflect the total amount of the deferral of federal income tax liability resulting from the taxpayer's use of different depreciation methods for tax and ratemaking purposes.

Section 1.167(l)-1(h)(1)(iii) provides that the amount of federal income tax liability deferred as a result of the use of different depreciation methods for tax and ratemaking purposes is the excess (computed without regard to credits) of the amount the tax liability would have been had the depreciation method for ratemaking purposes been used over the amount of the actual tax liability. This amount shall be taken into account for the taxable year in which the different methods of depreciation are used.

Section 1.167(l)-1(h)(2)(i) provides that the taxpayer must credit this amount of deferred taxes to a reserve for deferred taxes, a depreciation reserve, or other reserve account. This regulation further provides that the aggregate amount allocable to deferred taxes may be reduced to reflect the amount for any taxable year by which federal income taxes are greater by reason of the prior use of different methods of depreciation under section 1.167(1)-1(h)(1)(i) or to reflect asset retirements or the expiration of the period for depreciation used for determining the allowance for depreciation under section 167(a).

Section 1.167(l)-1(h)(6)(i) provides that, notwithstanding the provisions of subparagraph (1) of that paragraph, a taxpayer does not use a normalization method of regulated accounting if, for ratemaking purposes, the amount of the reserve for deferred taxes under § 167(l) which is excluded from the base to which the taxpayer's rate of return is applied, or which is treated as no-cost capital in those rate cases in which the rate of return is based upon the cost of capital, exceeds the amount of such reserve for deferred taxes for the period used in determining the taxpayer's expense in computing cost of service in such ratemaking.

Section 1.167(l)-1(h)(6)(ii) provides that for the purpose of determining the maximum amount of the reserve to be excluded from the rate base (or to be included as no-cost capital) under § 1.167(l)-1(h)(6)(i), if solely an historical test period is used to determine depreciation for federal income tax expense for ratemaking purposes, then the amount of the reserve account for the period is the amount of the reserve (determined under § 1.167(l)-1(h)(2)) at the end of the historical period. Section 1.167(l)-1(h)(6)(ii) provides that if solely a future period is used for such determination, the amount of the reserve account for the period is the amount of the reserve at the

beginning of the period and a pro rata portion of the amount of any projected increase to be credited or decrease to be charged to the account during such period.

Section 1.167(l)-1(h)(6)(ii) provides if, in determining depreciation for ratemaking tax expense, the test period used is part historical and part future, then the amount of the reserve account for this period is the amount of the reserve at the end of the historical portion of the period and a pro rata amount of any projected increase to be credited to the account during the future portion of the period. The pro rata amount of any increase during the future portion of the period is determined by multiplying the increase by a fraction, the numerator of which is the number of days remaining in the period at the time the increase is to accrue, and the denominator of which is the total number of days in the future portion of the period.

Section 1.168-6(a) provides, in part, that the section includes the rules for determining the depreciation allowance for MACRS property acquired in a like-kind exchange or an involuntary conversion, including a like-kind exchange or an involuntary conversion of MACRS property that is exchanged or replaced with other MACRS property in a transaction between members of the same affiliated group. Section 1.168(i)-6(a) generally provides identical rules for determining the depreciation allowance for MACRS property acquired in a like-kind exchange or an involuntary conversion.

Section 1.168(i)-8(b)(2) provides that, for purposes of § 1.168(i)-8, a disposition occurs when ownership of the asset is transferred or when the asset is permanently withdrawn from use either in the taxpayer's trade or business or in the production of income. A disposition includes the sale, exchange, retirement, physical abandonment, or destruction of an asset.

Section 1.168(i)-8(c)(1) provides that the manner of disposition (for example, normal retirement, abnormal retirement, ordinary retirement, or extraordinary retirement) is not taken into account in determining whether a disposition occurs or gain or loss is recognized.

Section 1.168(i)-8(h)(1) provides that depreciation ends for an asset at the time of the asset's disposition, as determined under the applicable convention for the asset.

Section 1033 provides the rules for involuntary conversions. Section 1033(a)(1) provides that if property (as a result of its destruction in whole or in part, theft, seizure, or requisition or condemnation or threat or imminence thereof) is compulsorily or involuntarily converted into property similar or related in service or use to the property so converted, no gain shall be recognized. Section 1033(a)(2)(A) provides that if property (as a result of its destruction in whole or in part, theft, seizure, or requisition or condemnation or threat or imminence thereof) is compulsorily or involuntarily converted into money or into property not similar or related in service or use to the converted property, the gain (if any) shall be recognized except to the extent provided in

§ 1033(a)(2)(A). Thus, § 1033 allows for deferral of gain where property is compulsorily or involuntarily converted into property similar or related in service or use to the converted property.

The key factors in determining whether property is public utility property are that 1) the property must be used predominantly in the trade or business of the furnishing or sale of, inter alia, Resource A and Resource B; 2) the rates for such furnishing or sale must be established or approved by a State or political subdivision thereof, any agency or instrumentality of the United States, or by a public service or public utility commission or similar body of any State or political subdivision thereof; and 3) the rates so established or approved must be determined on a rate-of-return basis. Based on the facts and representations submitted by Taxpayer, following the Condemnation, Subsidiary C and Subsidiary D became non-operating entities, and were no longer rate-regulated by Commission A. Therefore, other assets of Subsidiary C and Subsidiary were no longer public utility property.

Additionally, the removal of public utility property from the rate base necessitated the removal of the associated ADIT under the Consistency Rule of § 168(i)(9)(B). That rule requires that any estimate or projection used to determine a taxpayer's tax expense, depreciation expense, rate base or the reserve for deferred taxes under § 168(i)(9)(A)(ii) must also be used for the other normalization elements for ratemaking purposes.

Under § 168(i)(7), various "carryover basis" transactions allow for the transfer of ADIT and the associated deferred tax reserve accompanying the transferred property to carry over in the hands of the transferee. However, transactions such as those governed by § 1033 involving substituted basis are not included in this provision. Similarly, the regulations under § 46 provide that in the case of regulated public utility property which becomes deregulated, the property is removed from the rate base and the ADIT attributable to an unamortized investment tax credit related to the deregulated property must be removed.

The ADIT at issue was created by the deferral of federal taxes attributable to Taxpayer's claiming accelerated depreciation with respect to the condemned property as required by § 1.167(l)-1(h)(2). The disposition of the condemned property in the Condemnation is the functional equivalent of a retirement of such property in the hands of Subsidiary C and Subsidiary D. Following the Condemnation, both Subsidiary C and Subsidiary D became non-operating entities, ceased to hold any "public utility property," and were no longer subject to the cost of service/rate of return ratemaking jurisdiction of Commission A. Sections 1.167(a)-8(a), 1.168(i)-8(b)(2) and 1.167(l)-1(h)(2) provide that the accumulated ADIT balance must be adjusted to reflect dispositions such as the Condemnation. Accordingly, since all of Subsidiary C's assets and Subsidiary D's assets were disposed of in the Condemnation, the entire ADIT balance attributable thereto must be removed as well and may not be transferred to the new owners of the condemned property. Therefore, Subsidiary C and Subsidiary D correctly removed from

its regulated books of account the entire ADFIT reserve balance associated with the Subsidiary C and Subsidiary D Assets that were Condemned. State Regulated Utilities may not record on their regulated books of account any of the ADFIT associated with the pre-Condemnation properties.

RULING

The failure to eliminate the deferred taxes, including ADIT and the deferred tax reserves on the regulated books of Subsidiary C and Subsidiary D as of the date of the Condemnation, attributable to public utility property condemned in a transaction governed by § 1033 would violate the normalization provisions of § 168(i)(9).

Except as specifically set forth above, no opinion is expressed or implied concerning the federal income tax consequences of the above-described facts under any other provision of the Code or regulations.

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.

This ruling is based upon information and representations submitted by 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.

In accordance with the power of attorney on file with this office, a copy of this letter is being sent to your authorized representatives.

This letter is being issued electronically in accordance with Rev. Proc. 2020-29, 2020-21 I.R.B. 859. A paper copy will not be mailed to Taxpayer.

Sincerely,

/s/

David A. Selig
Senior Counsel, Branch 6
Office of the Associate Chief Counsel
(Passthroughs and Special Industries)

Enclosure: Copy for § 6110 purposes

cc: