

**Internal Revenue Service**

Department of the Treasury

Number: **200020047**  
Release Date: 5/19/2000  
Index Number: 877.01-00

Washington, DC 20224  
Person to Contact:

Telephone Number:

Refer Reply To:  
PLR-119317-99

Date:  
February 18, 2000

Re:

Tax year: 1998

A =

=

Country B =

Year C =

Date D =

Year E =

Date F =

Date G =

Dear :

This is in response to your letter dated December 9, 1999, requesting a ruling under section 877(c) of the Internal Revenue Code of 1986 ("Code") that A's surrender of her U.S. Alien Registration Card (Green Card) did not have for one of its principal purposes the avoidance of U.S. taxes under subtitle A or subtitle B of the Code. The information submitted for consideration is substantially as set forth below.

The ruling contained in this letter is based upon information and representations submitted by the taxpayer and accompanied by penalty of perjury statements 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.

A was born on Date G in Country B and has been a citizen of Country B 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.

A was born on Date G in Country B and has been a citizen of Country B since birth. A's parents were also born in Country B. A moved to the United States in Year C in order to marry her second husband who was a citizen and resident of the United States. A became a permanent resident of the United States on Date D, approximately one month after A's marriage to her second husband. In Year E, A's second husband passed away, and shortly thereafter, A moved back to Country B intending to reside there permanently. On Date F, A voluntarily rescinded her green card (expatriated). A is domiciled in Country B and is subject to Country B income tax on her worldwide income at a rate comparable to the applicable U.S. income tax base and rate. On the date of her expatriation, A's net worth exceeded the amount prescribed in section 877(a)(2).

Section 877 generally provides that a citizen who loses U.S. citizenship or a U.S. long-term resident who ceases to be taxed as a lawful permanent resident (individuals who "expatriate") within the 10-year period immediately preceding the close of the taxable year will be subject to the special rules of section 877(d) for such taxable year, unless such loss did not have for one of its principal purposes the avoidance of U.S. taxes. Sections 2107 and 2501 (a)(3) provide special estate and gift tax regimes, respectively, for individuals who expatriate with a principal purpose to avoid U.S. taxes.

A former citizen or former long-term resident will be treated as having expatriated with a principal purpose to avoid U.S. taxes for purposes of section 877, 2107 and 2501 (a)(3) if the individual's average income tax liability or the individual's net worth on the date of expatriation exceed certain thresholds. See sections 877(a)(2), 2107(a)(2)(A) and 2501 (a)(3)(B).

A former U.S. citizen whose net worth or average tax liability exceeds these thresholds, however, will not be presumed to have a principal purpose of tax avoidance if that former citizen is described within certain statutory categories and submits a request for a ruling within one year of the date of loss of U.S. citizenship for the Secretary's determination as to whether such loss had for one of its principal purposes the avoidance of U.S. taxes. See section 877(c)(1), 2107(a)(2)(B), and 2501 (a)(3)(C).

Under Notice 98-34, 1998-27 I.R.B. 30, modifying Notice 97-19, 1997-1 C.B. 394, a former long-term resident whose net worth or average tax liability exceeds the applicable thresholds will not be presumed to have a principal purpose of tax avoidance if that former resident is described within certain categories and submits a complete and good faith request for a ruling as to whether such loss had for one of its principal purposes the avoidance of U.S. taxes.

Notice 98-34 requires that certain information be submitted with a request for a ruling that an individual's expatriation did not have for one of its principal purposes the avoidance of U.S. taxes.

A is eligible to request a ruling pursuant to Notice 98-34 because she became fully liable to tax on her worldwide income in Country B, the country in which she was born.

A submitted all of the information required to be submitted by Notice 98-34.

Accordingly, based solely on the information submitted and the representations made, it is held that A has made a complete and good faith submission in accordance with section 877(c)(1)(B) and Notice 98-34, and therefore, A will not be presumed to have expatriated with a principal purpose of tax avoidance.

However, because the information submitted does not clearly establish the existence or lack of a principal purpose to avoid taxes under subtitle A or B of the Code, no opinion is expressed as to whether A's expatriation had for one of its principal purposes the avoidance of such taxes. While this ruling rebuts the presumption of tax avoidance under section 877(a)(2), it is not conclusive as to whether A subsequently may be found to have a principal purpose of tax avoidance under sections 877(a)(1), 2107(a)(1), and 2501 (a)(3)(A) based on all the facts and circumstances. See section 877(c)(1).

Except as expressly provided herein, no opinion is expressed or implied concerning the tax consequences of any aspect of any transaction or item discussed or referenced in this letter. In addition, no opinion is expressed as to A's U.S. tax liability for the taxable years prior to expatriation or her United States tax liability for periods after her loss of permanent resident status under sections of the Code other than sections 877, 2107, and 2501 (a)(3).

A copy of this letter must be attached to A's U.S. income tax return for the year in which A obtained the ruling (whether or not A is otherwise required to file a return).

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.

In accordance with the Power of Attorney on file with this office, a copy of this letter is being sent to A's representative.

Sincerely yours,  
ALLEN GOLDSTEIN  
Reviewer  
Office of the Associate Chief Counsel  
(International)

cc: