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PLR-144459-04

Date: SEPTEMBER 30, 2005

In Re:

LEGEND:

Trust =

Settlor =

Son 1 =

Son 2 =

Son 3 =

Grandson 1 =

Grandson 2 =

Brother =

Bank 1 =

Bank 2 =

Court =

Date 1 =

Date 2 =

Date 3 =

Year 1 =

Year 2 =

a =

b =

Dear :

This is in response to your letter of September 16, 2005, and prior correspondence requesting rulings concerning the income, gift, and generation-skipping transfer tax consequences of a proposed restatement and division of a trust.

The facts and representations submitted are summarized as follows:

Settlor executed Trust on Date 1 (before September 25, 1985). Article IV of Trust provides, in part, that Trust is irrevocable. Settlor funded Trust with closely-held business interests.

Article I. A provides that Bank 1 is to be the Corporate Trustee of Trust, and Sons 1, 2, and 3 are to be the Individual Trustees of Trust.

Article II provides that the Individual Trustees may by unanimous vote replace the Corporate Trustee with a successor Corporate Trustee. If any Individual Trustee dies, resigns, is unable or declines to act as Individual Trustee, no successor Individual Trustee is to be appointed, and the remaining Individual Trustee(s) are to continue to act. However, in the event there remains no Individual Trustee acting as such, Settlor's Brother is appointed as successor Individual Trustee.

Article IV. H provides that whenever distributions are to be made, the Trustees have the power to distribute in kind, at a price to be fixed by the Trustees, any stocks, bonds, or other securities at any time belonging to Trust, in equal or unequal proportions, to or among the persons entitled to participate in any such distribution.

Article IV. P provides that following the death of Settlor, in the event that funds available from all sources are insufficient to reasonably support and maintain Settlor's widow, Settlor's sons, a surviving spouse of any of Settlor's sons, or lawful issue of any of Settlor's sons or lawful issue thereof, then the Trustees in their sole discretion are authorized and empowered to and shall, before making any distribution other than the \$a of Trust Income pursuant to Article VI. C, distribute Trust Income to such individual to the extent available to make up such a deficiency in support, subject to certain listed limitations. If Trust Income is insufficient for such purposes, or in the event of any emergency (such as illness, accident or extraordinary financial distress), the Corporate Trustee, in its sole judgment and subject to the listed limitations, may use and expend Trust corpus to meet these needs.

Article VI. A provides that during the term of Trust, the Trustees are to pay over the "Trust Income," defined as the net income of Trust after deduction for all necessary and appropriate expenses of administration, in convenient installments in accordance with the terms and conditions of Article VI.

Article VI. B defines an Eligible Income Beneficiary (EIB) as a son of Settlor who is gainfully employed or who is not so employed due to mental disability, physical disability, compulsory military service, attendance at college, or retirement at or after

age 60. Equalizing Source Income (ESI) is defined as the sum of Earned Income, Trust Income, Other Income, and Other Trust Income.

Article VI. C provides that until the death of the last to survive of Settlor's sons, all Trust Income earned in any Trust year up to and including a maximum of \$a is to be distributed in equal shares, not to exceed \$b each, to the then surviving of Settlor's sons, such distribution to be made at such time during or immediately after such Trust year as the Trustees shall deem appropriate.

Article VI. D provides, in part, that Trust Income with respect to any Trust year in excess of the amounts distributed under Article VI. C and, following the death of Settlor, in excess of any amount distributed pursuant to Article IV. P, is to "be allocated and distributed amongst the Eligible Income Beneficiaries so as to assure to the maximum extent feasible, as set forth herein, that Equalizing Source Income of each of them is the same as the Equalizing Source Income of each of the others..." Article VI. D, subparagraphs 1 and 2, set forth a detailed formula for distributing Trust Income in a manner intended to equalize the incomes of Sons 1, 2, and 3.

Article VI. E provides that in the event Trust Income distributions provided for in Article VI. C and D and in Article IV. P are less than Trust Income with respect to any Trust year, the Individual Trustees may by unanimous agreement from time to time distribute in whole or part any remaining Trust Income for the Trust year to Settlor's sons in equal shares.

Article VI. K provides that each son of Settlor has a limited testamentary power to appoint 1/3 of Trust Income, subject to the provisions of Article IV. P, but free of the provisions of Article VI. D. The beneficiaries of the power of appointment are limited to the son's spouse (as long as she remains unmarried), lawful issue, and lawful issue of lawful issue.

Article VII. A provides that, with the exception of the circumstances described in Article IV. P, there is to be no distribution of Trust corpus until the death of the last to survive of Settlor, Settlor's widow, or Settlor's sons.

Article VII. B provides that each son of Settlor has a limited testamentary power to appoint 1/3 of Trust corpus, subject to the provisions of Article IV. P. The beneficiaries of the power of appointment are limited to the son's spouse (as long as she remains unmarried), lawful issue, and lawful issue of lawful issue.

Article VII. C provides that to the extent such power of appointment is not exercised, 1/3 of Trust corpus is to be set aside in trust, in equal shares, for the lawful issue of the deceased son. Subject to the provisions of Articles IV. P and VI. K, the income and principal of each share is to be used and expended for the suitable support, maintenance and education during minority of the lawful issue, and income not expended for such use is to be accumulated and added to principal. The entire income

of a share is to be paid over to the beneficiary of that share at the age of 21, and the corpus is to be distributed to the beneficiary at age 40.

In Year 1 (after September 25, 1985), the closely-held business interests which funded Trust were sold, and the proceeds were invested in other assets.

On Date 2 (after September 25, 1985), Sons 1, 2, and 3, and Bank 1, as Corporate Trustee, entered into an agreement (the Income Distribution Agreement). In the agreement, each son, in his capacity as income beneficiary of Trust, prospectively renounced his right to receive Equalizing Source Income distributions under Article VI. D for Year 2 and thereafter. Also, in their capacity as Individual Trustees of Trust and pursuant to Article VI. E of Trust, Sons 1, 2, and 3 unanimously agreed that all Trust Income not distributed under Article VI. C and D of Trust would thereafter be distributed at certain times listed in the agreement.

After the effective date of the Income Distribution Agreement, all Trust Income was distributed equally among Sons 1, 2, and 3.

Son 3 died on Date 3, survived by Grandsons 1 and 2. Son 3 exercised his limited power of appointment over his 1/3 interest in Trust Income by appointing it to Grandsons 1 and 2. Son 3 did not exercise his limited power of appointment over 1/3 of Trust corpus. Pursuant to Article VII. C of Trust, Son 3's 1/3 interest in Trust corpus was set aside in a separate trust share ("Segregated Share") for Grandsons 1 and 2.

Settlor and Settlor's wife are still alive. Since Son 3's death, Trust has distributed a portion of the Segregated Share income to Son 3's children, and the balance has accumulated in the Segregated Share. The Trustees have distributed all income from the balance of Trust corpus equally to Son 1 and Son 2.

The Trustees represent that no additions, actual or constructive, were made to Trust after September 25, 1985, and no principal distributions have been made from Trust since its creation on Date 1. Bank 2, successor in interest to Bank 1, currently serves as Corporate Trustee, and Sons 1 and 2 serve as Individual Trustees.

The Trustees have petitioned Court for a partition and restatement of Trust. The Trustees propose to divide Trust into three trusts as follows:

- a) The Segregated Share for the benefit of Son 3's issue will be a separate trust and will continue to be held upon the same dispositive terms and conditions as provided in Trust. Bank 2 will continue to serve as Corporate Trustee and Sons 1 and 2 will serve as Family Member Trustees.
- b) The balance of Trust will be divided into two separate and equal trusts, one for the benefit of Son 1 and his issue and one for the benefit of Son 2 and his issue. All income will be paid to Son 1 and Son 2 from their

respective separate trusts. Son 1 and Son 2 will retain their power to appoint the income and principal of their respective trusts to their spouses and/or children in accordance with the terms of Trust. In the event that these powers are not exercised, a deceased son's share will be held in trust upon the same dispositive terms and conditions as provided in Trust. Bank 2 will serve as Corporate Trustee for both trusts. Son 1 will serve as the sole Family Member Trustee for his trust, and Son 2 will serve as the sole Family Member Trustee for his trust.

In the proposed restatement of Trust, Article VI. D will be modified to eliminate Settlor's statement of intent with respect to equalizing the incomes of Sons 1, 2, and 3. The definition of Equalizing Source Income under Article VI. B and the formula for equalizing income in Article VI. D, subparagraphs 1 and 2, will be deleted in the restatement.

The Trustees also propose to modify the trustee succession provisions of Trust in Article II. The Family Member Trustee(s) (defined as either Son 1, Son 2, or both Son 1 and Son 2) of each new trust may appoint up to three individual trustees for each new trust. If the individual trustee is a related individual (as defined by the restatement) then such individual is to be appointed with the unanimous consent of the Family Member Trustees, provided that the individual trustee can be removed by any Family Member Trustee then serving. If the individual trustee is not a related individual then such individual may be appointed by any Family Member Trustee, provided that the individual trustee may be removed at any time by the Family Member Trustee who appointed him. The Family Member Trustees of each new trust by unanimous vote or, if there are no Family Member Trustees then serving, the individual trustees by unanimous vote, may replace the Corporate Trustee of a new trust with a successor Corporate Trustee. In the event there remains no Family Member Trustee or individual trustee acting, Brother will be appointed as a successor individual trustee.

Trustees represent that the allocation and division of Trust assets between the trust for Son 1 and the trust for Son 2 will be made on a pro rata basis.

You have requested the following rulings:

1. The proposed restatement of Trust and the partition of Trust into three separate trusts (including the Segregated Share) and the pro rata distribution of assets (not already allocated to the Segregated Share) from Trust to the separate trusts for Son 1 and Son 2 will not result in a transfer by any of the beneficiaries of Trust that is subject to gift tax under section 2501.

2. The proposed restatement of Trust and the partition of Trust into three separate trusts (including the Segregated Share) and the pro rata distribution of assets (not already allocated to the Segregated Share) from Trust to the separate trusts for

Son 1 and Son 2 will not result in any capital gain or loss on the part of Trust or any of the separate trusts or any beneficiary thereof under section 61 or section 1001.

3. The proposed restatement of Trust and the partition of Trust into three separate trusts (including the Segregated Share) and the pro rata distribution of assets (not already allocated to the Segregated Share) from Trust to the separate trusts for Son 1 and Son 2, and the proposed administrative changes to Trust (i.e., the change of trustees with respect to either trust and the change of provisions regarding distribution of income) will not constitute an addition to or a modification of Trust (or any of the three separate trusts) that would cause Trust (or any of the three separate trusts) to lose wholly or partially its exempt status under section 2601 and will not subject distributions from any of the trusts to the generation-skipping transfer tax so long as there are no additions to any of the trusts.

Gift Tax Ruling 1

Section 2501(a) imposes a tax for each calendar year on the transfer of property by gift during the calendar year by any individual, resident or nonresident.

Section 2511(a) provides that the tax imposed by section 2501 applies whether the transfer is in trust or otherwise, whether the gift is direct or indirect, and whether the property is real or personal, tangible or intangible.

Section 2512(a) provides that if the gift is made in property, the value thereof at the date of the gift is considered the amount of the gift.

Section 2512(b) provides that where property is transferred for less than an adequate and full consideration in money or money's worth, then the amount by which the value of the property exceeds the value of the consideration is deemed to be a gift and is included in computing the amount of gifts made during the calendar year.

Section 25.2511-1(c) of the Gift Tax Regulations provides that any transaction in which an interest in property is gratuitously passed or conferred upon another, regardless of the means or device employed, constitutes a gift subject to tax.

Section 25.2512-8 provides that transfers reached by the gift tax are not confined to those only which, being without valuable consideration, accord with the common law concept of gifts, but embrace as well sales, exchanges, and other dispositions of property for a consideration to the extent that the value of the property transferred by the donor exceeds the value in money or money's worth of the consideration given therefore.

Rev. Rul. 69-347, 1969-1 C.B. 227, holds that where a taxpayer enters into a contractual agreement that obligates the taxpayer to make transfers in the future, the effective date of the gift for federal gift tax purposes is the date upon which the taxpayer

becomes legally obligated to perform according to the terms of the contract, rather than the date upon which the actual transfer is made, provided the gift is susceptible of valuation at that time.

In Rev. Rul. 75-71, 1975-1 C.B. 309, a decedent executed her will naming her six siblings as beneficiaries of her residuary estate. The will provided that if any of the named beneficiaries should predecease the decedent, his or her share would lapse and be divided among the surviving siblings. Following the deaths of three of decedent's six siblings, the three remaining siblings entered into an agreement whereby each contracted, in the event she survived decedent, to transfer to the children of any contracting party who failed to survive decedent, that portion of the decedent's estate to which the deceased contracting party would have been entitled if all three contracting parties had survived the decedent. Decedent died survived by one sister. When she received her inheritance from the decedent's estate, the surviving sister made distributions to the children of the two other contracting siblings pursuant to the agreement.

Rev. Rul. 75-71 states that, although under applicable local law the agreement between the three siblings created a mutually binding contractual obligation at the time of its execution, it did not become enforceable until decedent's death because of its aleatory nature; that is, performance under the contract was dependent upon the uncertainty that any party would actually receive an inheritance under decedent's will since decedent could have revoked or amended her will any time before her death or disposed of all her property before she died. Further, although local law treated the transfers to the children of the deceased siblings as performance of a contractual obligation based upon mutual promises of the contracting parties, the transfers were not deprived of their essential characteristics as gifts since the surviving sister did not receive adequate and full consideration in money or money's worth in return for the transferred property. She received nothing more than the assurance that if she should predecease the decedent and one or more of the other parties to the contract should survive decedent, her children would receive one-third of the inheritance from the decedent. The ruling concludes that such assurance is not adequate consideration in money or money's worth since it does not offset the decrease in value of the surviving sister's estate that was caused by the transfer of two-thirds of her inheritance. See Commissioner v. Wemyss, 324 U.S. 303 (1945).

In Rev. Rul. 98-21, 1998-1 C.B. 975, a father was employed by a Company that had a plan under which employees could be awarded nonstatutory stock options to purchase shares of the Company's stock. In consideration for services to be performed by father, Company granted him a nonstatutory stock option which was exercisable only after father had performed the services. Before father performed the services, he transferred the option to his son for no consideration. The ruling holds that the transfer of the option from father to son would be a completed gift on the later of (i) the date of the transfer, or (ii) the time when the son's right to exercise the option is no longer conditioned on the performance of services by the father.

In the present case, Sons 1, 2, and 3 contracted by means of the Income Distribution Agreement to give up their respective rights to receive Equalizing Source Income from the Trust in future years. Although the Agreement is considered a binding contract under applicable local law, like the agreement in Rev. Rul. 75-71, it is aleatory in nature. Since the Equalizing Source Income that each Son would receive in any year would be based upon his and the other Sons' total income from other sources during the previous year, the amount that each Son would receive from the Trust as Equalizing Source Income could only be determined on a yearly basis. By executing the Agreement, each Son gave and received assurances that he and the other Sons would not accept any Equalizing Source Income from Trust. These assurances are not adequate consideration in money or money's worth and, like the situation in Rev. Rul. 75-71, each Son who would have been entitled to an Equalizing Source Income distribution from Trust in any year will be treated as making a gift in that year to the other Son or Sons.

The restatement of Trust to eliminate the provisions relating to Equalizing Source Income will be a modification to Trust to comply with the Income Distribution Agreement which has been in effect since Date 2. The gift tax consequences arising from the Income Distribution Agreement will continue after this modification to Trust.

Gift Tax Ruling 2

The proposed restatement of Trust will modify Article IV.P of Trust by providing that the Trustees of each separate trust created by the partition are authorized and empowered to and shall, before making any other distribution other than the distribution under Article VI.C, distribute separate trust income to the same individuals and for the same purposes and with the same limitations as are currently contained in Article IV.P of Trust. If the income of a separate trust is insufficient for these purposes, or in the event of an emergency (such as illness, accident, or extraordinary financial distress), then the Corporate Trustee of a separate trust, acting alone in its sole judgment, shall have the power to use the corpus to meet the needs of the named individuals. In the event of any dispute in respect to any determination by the Trustees of the separate trusts on this issue, the decision of the Corporate Trustee of each separate trust shall be final and binding on all the parties.

Prior to the restatement of Article IV.P, the beneficiaries named in that article may have received distributions from Trust income for reasonable support and maintenance in the discretion of the Trustees, and may have received distributions of Trust corpus in an emergency in the sole judgment of the Corporate Trustee. After the restatement, and as a result of the partition of Trust into three separate trusts, these beneficiaries will have the same beneficial interests that they had under Article IV.P of Trust. Because the beneficial interests, rights, and expectancies of the beneficiaries are substantially similar, both before and after the proposed restatement and partition, no transfer of property will be deemed to occur as a result of the restatement and

partition. Accordingly, except as ruled in Gift Tax Ruling 1, above, we conclude that the proposed restatement and partition of Trust and the pro rata distribution of assets (not already allocated to the Segregated Share) from Trust to the separate trusts for Son 1 and Son 2 will not result in a transfer by any of the beneficiaries of Trust that is subject to the gift tax under section 2501.

Income Tax Ruling

Section 61(a)(3) provides that gross income means all income from whatever source derived, including gains derived from dealings in property.

Section 1001(a) provides that the gain from the sale or other disposition of property is the excess of the amount realized over the adjusted basis provided in section 1011 for determining gain, and the loss is the excess of the adjusted basis provided in section 1011 for determining loss over the amount realized. Under section 1001(c), the entire amount of gain or loss must be recognized, except as otherwise provided.

Section 1.1001-1(a) of the Income Tax Regulations provides that except as otherwise provided in subtitle A of the Code, the gain or loss realized from the exchange of property for other property differing materially either in kind or in extent, is treated as income or as loss sustained.

A partition of jointly owned property is not a sale or other disposition of property where the co-owners of the joint property sever their joint interests, but do not acquire a new or additional interest as a result of the transaction. Thus, neither gain nor loss is realized on a partition. See Rev. Rul. 56-437, 1956-2 C.B. 507.

In Rev. Rul. 69-486, 1969-2 C.B. 159, a non-pro rata distribution of trust property was made in kind by the trustee, although the trust instrument and local law did not convey authority to the trustee to make a non-pro rata distribution of property in kind. The distribution was effected as a result of a mutual agreement between the trustee and the beneficiaries. Because neither the trust instrument nor local law conveyed authority to the trustee to make a non-pro rata distribution, Rev. Rul. 69-486 held that the transaction was equivalent to a pro rata distribution followed by an exchange between the beneficiaries, an exchange that required recognition of gain under section 1001.

The present case is distinguishable from Rev. Rul. 69-486 because the distribution of Trust assets to the separate trusts will be made on a pro rata basis.

An exchange of property results in the realization of gain or loss under section 1001 if the properties exchanged are materially different. Cottage Savings Association v. Commissioner, 499 U.S. 554 (1991). Properties exchanged are materially different if the properties embody legal entitlements "different in kind or extent" or if the properties confer "different rights and powers." Id. at 565. In Cottage Savings, the Supreme Court

held that mortgage loans made to different obligors and secured by different homes embodied distinct legal entitlements, and that the taxpayer realized losses when it exchanged interests in the loans. Id. at 566. In defining what constitutes a "material difference" for purposes of section 1001(a), the Court stated that properties are "different" in the sense that is "material" to the Code so long as their respective possessors enjoy legal entitlements that are different in kind or extent. Id. at 564-65.

In the present case, the provisions of each of the three separate trusts will be identical to those of the original Trust with the exception of changes to the trustee succession and the income distribution provisions necessary to account for the partition. The beneficiaries of each new trust will have the same property interests and legal entitlements as they had under the original trust. Accordingly, it is consistent with Cottage Savings to find that the beneficiaries' interests after the proposed distribution of the Trust corpus into the new trusts will not differ materially from the beneficiaries' interests under the original Trust. Thus, the partition of the Trust into the new trusts will not be a sale, exchange, or other disposition of property of Trust and will not result in any gain or loss to any beneficiary, Trust, or the new trusts under sections 61 and 1001.

Generation-Skipping Transfer Tax Ruling

Section 2601 imposes a tax on every generation-skipping transfer. The term "generation-skipping transfer" is defined in section 2611 as a taxable distribution, a taxable termination, or a direct skip.

Under section 1433(a) of the Tax Reform Act of 1986 (Act) and section 26.2601-1(a) of the Generation-Skipping Transfer (GST) Tax Regulations, the GST tax is generally applicable to generation-skipping transfers made after October 22, 1986. However, under section 1433(b)(2)(A) of the Act and section 26.2601-1(b)(1)(i) of the regulations, the GST tax does not apply to a transfer under a trust that was irrevocable on September 25, 1985, but only to the extent that such transfer is not made out of corpus added to the trust after September 25, 1985 (or out of income attributable to corpus so added).

Section 26.2601-1(b)(4)(i) provides rules for determining when a modification, judicial construction, settlement agreement, or trustee action with respect to a trust that is exempt from the GST tax under section 26.2601-1(b) will not cause the trust to lose its exempt status. The rules contained in the regulation are generally applicable only for purposes of determining whether an exempt trust retains its exempt status for GST tax purposes. Unless noted otherwise, the rules do not apply in determining, for example, whether the transaction results in a gift subject to gift tax, or may cause the trust to be included in the gross estate of a beneficiary, or may result in the realization of capital gain under section 1001.

Section 26.2601-1(b)(4)(i)(D) provides that a modification will not cause an exempt trust to be subject to the GST tax if the modification does not shift a beneficial

interest in the trust to any beneficiary who occupies a lower generation (as defined in section 2651) than the person or persons who held the beneficial interest prior to the modification, and the modification does not extend the time for vesting of any beneficial interest in the trust beyond the period provided for in the original trust. A modification of an exempt trust will result in a shift in beneficial interest to a lower generation beneficiary if the modification can result in either an increase in the amount of a generation-skipping transfer or the creation of a new generation-skipping transfer. A modification that is administrative in nature and only indirectly increases the amount transferred (for example, by lowering administrative costs or income taxes) will not be considered to shift a beneficial interest in the trust.

Section 26.2601-1(b)(4)(i)(E), Example 5, considers a situation where, in 1980, Grantor established an irrevocable trust for the benefit of his two children, A and B, and their issue. Under the terms of the trust, the trustee has the discretion to distribute income and principal to A, B, and their issue in such amounts as the trustee deems appropriate. On the death of the last to die of A and B, the trust principal is to be distributed to the living issue of A and B, per stirpes. In 2002, the appropriate local court approved the division of the trust into two equal trusts, one for the benefit of A and A's issue and one for the benefit of B and B's issue. The trust for A and A's issue provides that the trustee has the discretion to distribute trust income and principal to A and A's issue in such amounts as the trustee deems appropriate. On A's death, the trust principal is to be distributed equally to A's issue, per stirpes. If A dies with no living descendants, the principal will be added to the trust for B and B's issue. The trust for B and B's issue is identical (except for the beneficiaries) and terminates at B's death at which time the trust principal is to be distributed equally to B's issue, per stirpes. If B dies with no living descendants, principal will be added to the trust for A and A's issue. The division of the trust into two trusts does not shift any beneficial interest in the trust to a beneficiary who occupies a lower generation (as defined in section 2651) than the person or persons who held the beneficial interest prior to the division, and the division does not extend the time for vesting of any beneficial interest in the trust beyond the period provided for in the original trust. Accordingly, the two partitioned trusts will not be subject to the GST tax.

Section 26.2601-1(b)(4)(i)(E), Example 10, considers a situation where, in 1980, Grantor executed an irrevocable trust for the benefit of Grantor's issue, naming a bank and five other individuals as trustees. In 2002, the appropriate local court approves a modification of the trust that decreases the number of trustees which results in lower administrative costs. The modification pertains to the administration of the trust and does not shift a beneficial interest in the trust to any beneficiary who occupies a lower generation (as defined in section 2651) than the person or persons who held the beneficial interest prior to the modification. In addition, the modification does not extend the time for vesting of any beneficial interest in the trust beyond the period provided for in the original trust. Therefore, the trust will not be subject to the generation-skipping transfer tax.

In this case, the proposed restatement and partition will not result in a shift of any beneficial interest in Trust or the separate trusts to any beneficiary who occupies a generation lower than the persons holding the beneficial interests. Further, the proposed modification will not extend the time for vesting of any beneficial interest in the new trusts beyond the period provided for in Trust.

Accordingly, based on the facts submitted and representations made, we conclude that the proposed restatement of Trust and the partition of Trust into three separate trusts, and the pro rata distribution of assets from Trust to the separate trusts for Son 1 and Son 2, and the proposed administrative changes to Trust will not constitute an addition to or a modification of Trust (or any of the three separate trusts) that would cause Trust (or any of the three separate trusts) to lose, wholly or partially, its exempt status under section 2601 and will not subject distributions from any of the trusts to the GST tax so long as there are no additions to any of the trusts.

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

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.

The rulings contained in this letter are based upon information and representations submitted by the 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.

This ruling is directed only to the taxpayer(s) requesting it. Section 6110(k)(3) provides that it may not be used or cited as precedent.

Sincerely yours,

Katherine A. Mellody
Senior Technician Reviewer, Branch 4
Office of the Associate Chief Counsel
(Passthroughs and Special Industries)

Enclosure:

Copy of letter for section 6110 purposes