

Internal Revenue Service

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Department of the Treasury
Washington, DC 20224

Third Party Communication: None
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CC:INTL:B01
PLR-100951-04

Date:
November 23, 2004

TY

Legend

A =
Country B =
Country C =
Year 1 =
Year 2 =
Date C =

Dear

This is in response to a letter dated November 11, 2003 requesting a ruling that A's loss of United States citizenship status (expatriation) 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 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. The information submitted for consideration is substantially as set forth below.

A has been a dual citizen of Country B and the United States since her birth in Year 1. A was born in, and raised in Country B. A acquired United States citizenship

through her mother, who is a United States citizen, residing in Country B. In Year 2, A moved to Country C, to accompany her husband who was assigned to work in Country C. A has been a resident of Country C since Year 2, and is fully subject to tax on her income there. A relinquished her citizenship (expatriated) at the U.S. Consulate office in Country C on Date C. On the date of A's expatriation, her net worth exceeded the applicable amount set forth in section 877(a)(2).

A former U.S. citizen or former U.S. long-term resident will be treated as having expatriated with a principal purpose to avoid U.S. taxes for purposes of sections 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 sections 877(c)(1), 2107(a)(2)(B), and 2501(a)(3)(C).

Under Notice 98-34, 1998-2 C.B. 29, 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 under section 877 because she is an individual who became at birth a citizen of the United States and Country B and on the date of her expatriation continues to be a citizen of Country B. See section 877(c)(2)(A)(i).

A submitted all of the information required to be submitted by Notice 97-19, as modified by Notice 98-34, including additional information requested by the Service after review of the submission.

Accordingly, based solely on the facts submitted and the representations made, we conclude that A has made a complete and good faith submission in accordance with section 877(c)(1)(B) and Notice 98-34. Therefore, A will not be presumed under section 877(a)(2) as having had as one of her principal purposes for expatriating the avoidance of U.S. taxes. We further conclude that A will not be treated under section 877(a)(2) as

having had as one of her principal purposes for expatriating the avoidance of U.S. taxes because the information submitted clearly establishes the lack of a principal purpose to avoid taxes under subtitle A or B of the Code.

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 taxable periods prior to her expatriation or for taxable periods after her expatriation 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 your authorized representative.

Sincerely,

/S/ Elizabeth U. Karzon
Chief, Branch 1
Office of Associate Chief Counsel
(International)

CC: