



September 16, 2019

Mr. Charles P. Rettig
Commissioner of Internal Revenue
1111 Constitution Avenue, NW
Washington, DC 20224

Also submitted electronically, via the Federal eRulemaking Portal at <http://www.regulations.gov>
(IRS REG-106282-18)

**Re: Supplementary Comments with Respect to Temporary and Proposed Regulations
 under Section 245A**

Dear Sir:

On behalf of one or more clients, I write to request an exception to the Temporary and Proposed Regulations under Section 245A for integration transactions along the lines of the suggestion in the ABA Tax Section's September 11, 2019 letter. In that letter, the ABA Tax section recommends "that the definition of extraordinary disposition . . . be amended to provide an exception for an SFC's transfer of specified property that occurs within 12 months after the acquisition of that SFC from a person that is not related . . . to the acquiror of that SFC."

For instance, assume a U.S. taxpayer acquires from a third-party seller a company with foreign operations complementary to its own. It promptly integrates those operations to achieve synergies previously promised to its shareholders, who approved the deal. The integration transactions combine the foreign operations by moving assets, merging companies, transferring employees, combining IT systems, aligning financial ledgers, etc. The economic substance of these transactions is unassailable.

Assume further that the integration was carried out shortly after the closing of the acquisition, during the so-called "disqualified period," and so is subject to the new tax created by the temporary regulations. But, the integration would also have been carried out by the acquirer under pre-TCJA law if the transaction had closed earlier in time, and it would have been carried out as well after TCJA became fully effective if the transaction had closed later. In fact, the integration would have been carried out in a world without tax. It is not tax-motivated.

Such legitimate integration transactions should not be subject to the new rule.

I appreciate the opportunity to comment on these temporary and proposed regulations, and I request a public hearing and the chance to testify at that public hearing.

Respectfully submitted,

/s/
Jeffrey E. Moeller