LINCOLN

Presumed Facts

(1) Each entity has only a single class of equity outstanding, all of which is held by a single owner.

(2) P, a domestic corporation and the common parent of the P consolidated group, owns S, a domestic corporation and a member of the P consolidated group.

(3) DRC_X, a domestic corporation, is subject to Country X tax on its worldwide income or on a residence basis, and is a dual resident corporation.

(4) $DE1_X$ and $DE2_X$ are both Country X entities, subject to Country X tax on their worldwide income or on a residence basis, and disregarded as entities separate from their owners for U.S. tax purposes. $DE3_Y$ is a Country Y entity, subject to Country Y tax on its worldwide income or on a residence basis, and disregarded as an entity separate from its owner for U.S. tax purposes. All the interests in $DE1_X$, $DE2_X$, and $DE3_Y$ constitute hybrid entity separate units.

(5) FB_X is a Country X business operation that, if carried on by a U.S. person, would constitute a foreign branch, as defined in §1.367(a)-6T(g)(1), and is a Country X foreign branch separate unit.

(6) Neither the assets nor the activities of an entity constitute a foreign branch separate unit.

(7) FS_X is a Country X entity that is subject to Country X tax on its worldwide income or on a residence basis and is classified as a foreign corporation for U.S. tax purposes.

(8) The applicable foreign country has a consolidation regime that—

(i) Includes as members of a consolidated group any commonly controlled branches and permanent establishments in such jurisdiction, and entities that are subject to tax in such jurisdiction on their worldwide income or on a residence basis; and

(ii) Allows the losses of members of consolidated groups to offset income of other members.

(9) There is no mirror legislation, within the meaning of §1.1503(d)-3(e)(1), in the applicable foreign country.

(10) There is no elective agreement described in §1.1503(d)-6(b) between the United States and the applicable foreign country.

(11) There is no income tax convention between the United States and the applicable foreign country.

(12) If a domestic use election, within the meaning of §1.1503(d)-6(d), is made, all the necessary filings related to such election are properly completed on a timely basis.

(13) If there is a triggering event requiring recapture of a dual consolidated loss, the amount of recapture is not reduced pursuant to §1.1503(d)-6(h)(2).

(14) There are no other items of income, gain, deduction, and loss. In addition, the United States and the applicable foreign country recognize the same items of income, gain, deduction, and loss in each taxable year.

(15) All taxpayers use the calendar year as their taxable year.