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IRS PLR: Consequences of Nuclear Plant Trust Transaction

SUMMARY BY TAX ANALYSTS

The IRS ruled that, in connection with the sale of an interest in a nuclear power plant between entities that will continue to hold interests in the plant, the buyer will be treated as the grantor of its trust, the transfer of assets from a qualified fund to a disqualified fund will disqualify the assets, and the transfer will result in income to the seller and no gain or loss for the buyer.

Note that buyer is an electric and gas utility owned by City A, a political subdivision and municipal corporation of State.

Read IRS LTR 202610014

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