

Section 41(f)(1)(A) provides that in determining the amount of the credit under § 41-- (i) all members of the same controlled group of corporations shall be treated as a single taxpayer, and (ii) the credit (if any) allowable by § 41 to each member shall be its proportionate shares of the qualified research expenses and basic research payments giving rise to the credit.

Based solely on the facts and representations made, we conclude that Corporation and its § 41(f) controlled group may calculate the research credit for the taxable year ending on z, and all succeeding years, under the standard method of § 41(a), without regard to § 41(c)(4), provided that Corporation does not make an election to determine its research credit under the AIRC rules of § 41(c)(4) in a later year.

Except as expressly provided herein, we express or imply no opinion concerning the tax consequences of any aspect of any transaction or item discussed or referenced in this letter. Further, we express or imply no opinion concerning expenditures Corporation, or any member of its § 41(f) controlled group, treated as qualified research expenses.

This ruling is directed only to the taxpayer requesting it. Section 6110(k)(3) 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. A copy of this letter must be attached to any income tax return to which it is relevant.

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.

Sincerely,

/s/

Brenda M. Stewart
Senior Counsel, Branch 7
Office of Associate Chief Counsel
(Passthroughs & Special Industries)

cc: