

Internal Revenue Service

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Department of the Treasury

Washington, DC 20224

[Third Party Communication:

Date of Communication: Month DD, YYYY]

Person To Contact:

, ID No.

Telephone Number:

Refer Reply To:

CC:INTL

PLR-130203-06

Date:

December 12, 2006

LEGEND

Taxpayer =

Corp A =

Corp B =

Corp C =

Corp D =

Corp E =

Corp F =

Corp G =

Corp H =

Corp I =

Corp J =

Corp K =

Tax Year L =

Tax Year M =

Tax Year N =

Tax Year O =

Tax Year P =

Tax Year Q =

Tax Year R =

Country A =

Country B =

Country C =

Country D =

Country E =

Country F =

Dear _____ :

This replies to a letter dated April 19, 2006, submitted on your behalf by your authorized representative, in which Taxpayer requests an extension of time under Treas. Reg. §301.9100-3 to file the election and agreement described in §§1.1503-2(g)(2)(i) and 2T(g)(2)(i) in accordance with Schedules B and C, and to file the annual certification described in §§1.1503-2(g)(2)(vi)(B) and 2T(g)(vi)(B) in accordance with Schedule C. (Schedules B and C are attached to and made a part of this ruling letter.) Additional information was submitted in a letter dated October 23, 2006. The information submitted for consideration is substantially as set forth below.

The ruling contained in this letter is predicated upon facts and representations submitted by Taxpayer and accompanied by penalty of perjury statements executed by appropriate parties. This office has not verified any of the material submitted in support of the request for a ruling. Verification of the factual information, representations, and other data may be required as part of the audit process.

Taxpayer is the common parent of a group of corporations that filed consolidated U.S. income tax returns for Tax Years L through R.

Corps E through K are foreign corporations that elected to be treated as disregarded as entities separate from their owners. The interests in Corps E through K are hybrid entity separate units within the meaning of Treas. Reg. §1.1503-2(c)(4). Corps E through K had activities in foreign countries that constituted branches within the meaning of Treas. Reg. §1.367(a)-6T(g) (Corps E through K branches), which Taxpayer represents on Schedule A. These Branches are separate units within the meaning of Treas. Reg. §1.1503-2(c)(3)(i)(A). In Tax Years M through R, dual consolidated losses were incurred that were attributable to the Corps E through K Branches as indicated on Schedule B. However, no elections and agreements required by Treas. Reg. §§1.1503-2(g)(2)(i) and 2T(g)(2)(i) were filed. There were no dual consolidated losses in those tax years that were attributable to Taxpayer's interests in Corp E through K.

Corps A through D are foreign corporations that elected to be treated as disregarded as entities separate from their owners. The interests in Corps A through D are hybrid entity separate units within the meaning of Treas. Reg. §1.1503-2(c)(4). Corps A through D did not have activities in foreign countries that constituted branches within the meaning of Treas. Reg. §1.367(a)-6T(g), which Taxpayer represents on Schedule A. In Tax Years L through R, dual consolidated losses were attributable to the interests in Corps A through D as indicated on Schedule C. However, no elections and agreements required by Treas. Reg. §§1.1503-2(g)(2)(i) and 2T(g)(2)(i) were filed, and no annual certifications required by Treas. Reg. §§1.1503-2(g)(2)(vi)(B) and 2T(g)(vi)(B) were filed.

Taxpayer states that it is deemed to have acted reasonably and in good faith because Taxpayer is requesting relief before the failure to file the 2(g)(2)(i) and 2T(g)(2)(i) election statements and the 2(g)(2)(vi)(B) and 2T(g)(vi)(B) annual certification statements is discovered by the IRS. Taxpayer further states that its failure to timely file these statements was due to the Taxpayer Group having been unaware of the necessity to make these filings. In addition, Taxpayer reasonably relied on the advice of qualified tax professional with a CPA Firm who failed to make or advise the Taxpayer Group to file the election statements and the annual certification statements.

Taxpayer represents that the income tax laws of Country A do not deny the use of losses, expenses, or deductions of Corp E Branch to offset income of another person because Corp E Branch is also subject to income taxation by another country on its worldwide income or on a residence basis.

Taxpayer represents that the income tax laws of Country B do not deny the use of losses, expenses, or deductions of Corps I and J Branches to offset income of another person because Corp I and J Branches are also subject to income taxation by another country on their worldwide income or on a residence basis.

Taxpayer represents that the income tax laws of Country C do not deny the use of losses, expenses, or deductions of Corp F Branch to offset income of another person because Corp F Branch is also subject to income taxation by another country on its worldwide income or on a residence basis.

Taxpayer represents that the income tax laws of Country D do not deny the use of losses, expenses, or deductions of Corp G Branch to offset income of another person because Corp G Branch is also subject to income taxation by another country on its worldwide income or on a residence basis.

Taxpayer represents that the income tax laws of Country E do not deny the use of losses, expenses, or deductions of Corp H Branch to offset income of another person because Corp H Branch is also subject to income taxation by another country on its worldwide income or on a residence basis.

Taxpayer represents that the income tax laws of Country F do not deny the use of losses, expenses, or deductions of Corp K Branch to offset income of another person because Corp K Branch is also subject to income taxation by another country on its worldwide income or on a residence basis.

Treas. Reg. §301.9100-1(c) provides that the Commissioner has discretion to grant a taxpayer a reasonable extension of time, under the rules set forth in §301.9100-3, to make a regulatory election under all subtitles of the Internal Revenue Code, except subtitles E, G, H, and I.

Treas. Reg. §301.9100-1(b) provides that an election includes an application for relief in respect of tax, and defines a regulatory election as an election whose due date is prescribed by a regulation, a revenue ruling, revenue procedure, notice, or announcement.

Treas. Reg. §301.9100-3(a) provides that requests for relief subject to this section will be granted when the taxpayer provides the evidence (including affidavits described in §301.9100-3(e)) to establish to the satisfaction of the Commissioner that the taxpayer acted reasonably and in good faith, and the grant of relief will not prejudice the interests of the Government.

In the present situation, the election and agreement described in Treas. Reg. §§1.1503-2(g)(2)(i) and 2T(g)(2)(i), and the annual certification agreement described in §§1.1503-2(g)(2)(vi)(B) and 2T(g)(vi)(B) are regulatory elections as defined in §301.9100-1(b). Therefore, the Commissioner has discretionary authority under §301.9100-1(c) to grant Taxpayer an extension of time, provided that Taxpayer satisfies the rules set forth in §301.9100-3(a).

Based on the facts and information submitted, we conclude that Taxpayer satisfies Treas. Reg. §301.9100-3(a). Accordingly, Taxpayer is granted an extension of time of 60 days from the date of this ruling letter for Taxpayer to file the elections and agreements described in Treas. Reg. §§1.1503-2(g)(2)(i) and 2T(g)(2)(i) in accordance with Schedules B and C, and to file the annual certifications described in §§1.1503-2(g)(2)(vi)(B) and 2T(g)(vi)(B) in accordance with Schedule C.

In addition, Taxpayer has requested relief to file annual certifications with respect to the dual consolidated losses of the Corps E through K branches. Because these branches are separate units within the meaning of Treas. Reg. §1.1503-2(c)(3)(i)(A), annual certifications are not required under the exception provided in Treas. Reg. §1.1503-2(g)(2)(vi)(C), which states that a consolidated group is not required to file annual certifications under §1.1503-2(g)(2)(vi)(B) with respect to a dual consolidated loss of any separate unit. Therefore, §301.9100-3 does not apply in this situation.

The granting of an extension of time is not a determination that Taxpayer is otherwise eligible to file the elections and agreements, and the annual certifications. Treas. Reg. §301.9100-1(a). For example, a taxpayer that is subject to mirror legislation enacted by a foreign country may be ineligible to file the elections and agreements pursuant to §1.1503-2(c)(15)(iv).

A copy of this ruling letter should be associated with the elections and agreements, and the annual certifications.

This ruling is directed only to the taxpayer who requested it. I.R.C. § 6110(k)(3) provides that it may not be used or cited as precedent.

No ruling has been requested, and none is expressed, as to the application of any other section of the Code or regulations to the facts presented.

Pursuant to a power of attorney on file in this office, a copy of this ruling letter is being furnished to your first and second listed authorized representatives.

Sincerely,

Associate Chief Counsel (International)

By: /s/ Thomas D. Beem

Thomas D. Beem

Senior Technical Reviewer, Branch 4

Office of the Associate Chief Counsel (International)

Enclosures (4):

Schedules A, B, C

Copy for 6110 purposes

cc:

cc:

SCHEDULE A

Taxpayer represents the following:

- (1) Corp E had activities in Country A that constituted a foreign branch within the meaning of Treas. Reg. §1.367(a)-6T(g).
- (2) Corp F had activities in Country C that constituted a foreign branch within the meaning of Treas. Reg. §1.367(a)-6T(g).
- (3) Corp G had activities in Country D that constituted a foreign branch within the meaning of Treas. Reg. §1.367(a)-6T(g).
- (4) Corp H had activities in Country E that constituted a foreign branch within the meaning of Treas. Reg. §1.367(a)-6T(g).
- (5) Corp K had activities in Country F that constituted a foreign branch within the meaning of Treas. Reg. §1.367(a)-6T(g).
- (6) Prior to its merger into Corp J, Corp I had activities in Country B that constituted a foreign branch within the meaning of Treas. Reg. §1.367(a)-6T(g).
- (7) Corp J had activities in Country B that constituted a foreign branch within the meaning of Treas. Reg. §1.367(a)-6T(g).
- (8) The remaining hybrid entities (Corp A, Corp B, Corp C, and Corp D) did not have activities that constituted a foreign branch within the meaning of Treas. Reg. §1.367(a)-6T(g).

SCHEDULE B

LEGEND

A = Election and agreement under Treas. Reg. §1.1503-2(g)(2)(i).
B = Election and agreement under Treas. Reg. §1.1503-2T(g)(2)(i) for tax years beginning after December 31,
C = Annual certification under Treas. Reg. §1.1503-2(g)(2)(vi)(B).
D = Annual certification under Treas. Reg. §1.1503-2T(g)(vi)(B) for tax years beginning after December 31,
NA = Not applicable

Corps E through K with activities in countries that constituted branches within the

meaning of Treas. Reg. §1.367(a)-6T(g).

BRANCHES	A/B
(E)	
(F)	
(G)	
(H)	
(I)	
(J)	
(K)	

SCHEDULE C

Corp A through D that did not have activities in countries that constituted branches within the meaning of Treas. Reg. §1.367(a)-6T(g).

Corps A through D	ELECTIONS AND AGREEMENTS	ANNUAL CERTIFICATIONS
(A)		na
(B)	na na na na na	na
(C)		na
(D)		na