

Internal Revenue Service

Department of the Treasury
Washington, DC 20224

Number: **200721010**

Release Date: 5/25/2007

Index Number: 9100.22-00, 1503.04-04

Person To Contact:

, ID No.

Telephone Number:

Refer Reply To:

CC: INTL

PLR-155048-06

Date:

February 16, 2007

Taxpayer =

Entity 1 =

Entity 2 =

Entity 3 =

Entity 4 =

Year 1 =

Year 2 =

Year 3 =

Year 4 =

Year 5 =

Year 6 =

Country A =

CPA Firm 1 =

CPA Firm 2 =

In re: PLR-155048-06

CPA Firm 3 =

Dear :

This is in response to a letter November 21, 2006, requesting an extension of time under Treas. Reg. § 301.9100-3 to file elections under Treas. Reg. § 1.1503-2T(g)(2)(i), and annual certifications under Treas. Reg. § 1.1503-2(g)(2)(vi)(B) or Treas. Reg. § 1.1503-2T(g)(2)(vi)(B) as applicable, with respect to dual consolidated losses attributable to the Taxpayer's interest in Entities 1 through 4 for Years 1 through 5. 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 the taxpayer and accompanied by a penalty of perjury statement executed by an appropriate party. 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 a part of the audit process.

For Years 1 through 5, Taxpayer's U.S. corporate tax department prepared and filed the Form 1120, U.S. Corporation Income Tax Return, for Taxpayer's U.S. consolidated group. CPA Firm 1 reviewed and signed Taxpayer's Year 2 return, but failed to advise Taxpayer of the need to file an annual certification with respect to the dual consolidated loss incurred by Entity 1 in Year 1. CPA Firm 2 reviewed and signed Taxpayer's Year 3 return, but failed to advise Taxpayer of the need to file and annual certification with respect to the dual consolidated losses incurred by Entity 1 in Years 1 and 2. CPA Firm 3 reviewed and signed Taxpayer's Year 4 and Year 5 return, but failed to advise Taxpayer of the need to file annual certifications for the dual consolidated losses incurred by Entity 1 in Years 1 through 4 and annual certifications for the dual consolidated losses incurred by Entity 2 in Years 3 and 4. CPA Firm also failed to advise Taxpayer of the need to file elections and agreements with respect to the dual consolidated losses incurred by Entity 3 and 4 in Year 5.

Taxpayer's interests in Entities 1 through 4 are hybrid entity separate units as described in §1.1503-2(c)(4).

The income tax laws of Country A do not deny the use of losses, expenses, or deductions of Entity 2 to offset income of another person because Entity 2 is also subject to income taxation by another country on its worldwide income or on a residence basis.

The income tax laws of Country A do not deny the use of losses, expenses, or deductions of Entity 3 to offset income of another person because Entity 3 is also

In re: PLR-155048-06

subject to income taxation by another country on its worldwide income or on a residence basis.

The income tax laws of Country A do not deny the use of losses, expenses, or deductions of Entity 4 to offset income of another person because Entity 4 is also subject to income taxation by another country on its worldwide income or on a residence basis.

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. § 301.9100-1(c) provides that the Commissioner has discretion to grant a taxpayer a reasonable extension of time, under the rules set forth in Treas. Reg. § 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. § 301.9100-3(a) provides that requests for relief subject to this section will be granted when the taxpayer provides the evidence (including affidavits described in Treas. Reg. § 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 filings described in Treas. Reg. § 1.1503-2(g)(2) and Treas. Reg. § 1.1503-2T(g)(2) are regulatory elections as defined in Treas. Reg. § 301.9100-1(b). Therefore, the Commissioner has discretionary authority under Treas. Reg. § 301.9100-1(c) to grant Taxpayer an extension of time, provided that Taxpayer satisfies the rules set forth in Treas. Reg. § 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 to file the following:

1. The annual certifications required under Treas. Reg. § 1.1503-2(g)(2)(vi)(B) or Treas. Reg. § 1.1503-2T(g)(2)(vi)(B), as applicable, with its tax return for Years 2 through 5 with respect to the losses incurred in Years 1 through 4 that are attributable to Taxpayer's interest in Entity 1.
2. The annual certifications required under Treas. Reg. § 1.1503-2(g)(2)(vi)(B) or Treas. Reg. § 1.1503-2T(g)(2)(vi)(B), as applicable, with its tax return for

In re: PLR-155048-06

Years 4 and 5 with respect to the losses incurred in Years 3 and 4 that are attributable to Taxpayer's interest in Entity 2.

3. The election and agreement required under Treas. Reg. § 1.1503-2T(g)(2)(i) with its tax return for Year 5 with respect to the loss attributable to Taxpayer's interest in Entity 3 for Year 5.
4. The election and agreement required under Treas. Reg. § 1.1503-2T(g)(2)(i) with its tax return for Year 5 with respect to the loss attributable to Taxpayer's interest in Entity 4 for Year 5.

The granting of an extension of time is not a determination that Taxpayer is otherwise eligible to file 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 election agreements pursuant to Treas. Reg. § 1.1503-2(c)(15)(iv).

A copy of this ruling letter should be associated with the elections and the annual certifications that are the subject of this ruling.

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 Taxpayer's authorized representatives.

Sincerely,

Jeffrey L. Dorfman
Branch Chief
CC:INTL:Br5

Enclosure:
Copy for 6110 purposes