

Internal Revenue Service

Department of the Treasury

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Washington, DC 20224

Person to Contact:

Telephone Number:
(202)622-3080
Refer Reply To:
CC:PSI:3-PLR-137111-01
Date:
November 6, 2001

LEGEND

Company =

Parent =

Date 1 =

Date 2 =

Country =

Dear

This letter responds to your submission on behalf of Company dated June 28, 2001, requesting a ruling that Company be given an extension of time under § 301.9100-3 of the Procedure and Administration Regulations to file a Form 8832 to change its classification pursuant to § 301.7701-3(c) effective for Date 1.

FACTS

According to the information submitted, Parent formed Company, a wholly owned subsidiary, on Date 2 as a Private Limited Company under the laws of Country. Company is not classified as a corporation under § 301.7701-2(b)(1), (3), (4), (5), (6), (7), or (8). Parent is the sole member of Company and has been Company's sole owner since Date 2. Parent has limited liability as defined under § 301.7701-3(b)(2)(ii). Company intended to elect to change its classification to disregarded entity status as of Date 1 but inadvertently failed to file a timely election.

LAW AND ANALYSIS

Section 301.7701-3(a) provides that a business entity that is not classified as a corporation under § 301.7701-2(b)(1), (3), (4), (5), (6), (7), or (8) (an eligible entity) can elect its classification for federal tax purposes.

Section 301.7701-3(b)(2)(i)(B) provides that, unless the entity elects otherwise, a foreign eligible entity is classified as an association if all members have limited liability.

Section 301.7701-3(c)(1)(i) provides that an eligible entity may elect to be classified other than as provided under § 301.7701-3(b) by filing Form 8832, Entity Classification Election, with the appropriate service center. Under § 301.7701-3(c)(1)(iii), this election will be effective on the date specified by the entity on Form 8832. The date specified on Form 8832 cannot be more than 75 days prior to the date on which the election is filed.

Under § 301.9100-1(c), the Commissioner has discretion to grant a reasonable extension of time to make a regulatory election, or a statutory election (but no more than six months except in the case of a taxpayer who is abroad) of all subtitles of the Code, except subtitles E, G, H, and I.

Sections 301.9100-1 through 301.9100-3 provide the standards the Commissioner will use to determine whether to grant an extension of time to make an election. Section 301.9100-2 provides automatic extensions of time for making certain elections. Section 301.9100-3 provides extensions of time for making elections that do not meet the requirements of § 301.9100-2.

Section 301.9100-3(a) provides that requests for relief will be granted when the taxpayer provides evidence to establish that the taxpayer acted reasonably and in good faith, and that granting relief will not prejudice the interests of the government.

CONCLUSION

Based solely on the information submitted and the representations made, in the present situation, good cause has been shown and the other requirements of §§ 301.9100-1 and 301.9100-3 have been satisfied. As a result, Company has 60 days from the date of this ruling to file a Form 8832 with the appropriate service center to change its classification, effective Date 1. A copy of this letter should be attached with the election. A copy is included for that purpose.

Except as specifically set forth above, we express or imply no opinion concerning the federal tax consequences of the facts described above under any other provision of the Code.

This ruling is directed only to the taxpayer(s) requesting it. Section 6110(k)(3) of the Code provides that it may not be used or cited as precedent. The rulings contained

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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. In particular, this ruling is based on the representation that Parent has treated, and will continue to treat Company as a disregarded entity for federal tax purposes. 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.

Under a Power of Attorney on file with this office, we are sending a copy of this letter to the taxpayer and to a second authorized representative.

Sincerely,
Paul F. Kugler
Associate Chief Counsel
(Passthroughs and Special Industries)

Enclosures (2)
Copy of this letter
Copy for § 6110 purposes