

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:

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CC:INTL

PLR-100660-05

Date:

July 29, 2005

Taxpayer =

Entity A =

Entity B =

Entity C =

Entity D =

Entity E =

Year 1 =

Year 2 =

Year 3 =

Year 4 =

Year 5 =

Year 6 =

Date X =

Date Y =

Individual A =

Individual B =

CPA Firm A =

CPA Firm B =

Foreign =

Country

Dear :

This replies to your representative's letter dated December 20, 2004, in which your representative requests on behalf of Taxpayer 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 the annual certification described in §1.1503-2(g)(2)(vi)(B) for the entities and tax years

listed on Schedule A, which is attached to and made a part of this ruling letter. Additional information was submitted in a letter dated July 5, 2005. 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 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.

Taxpayer is the common parent of a consolidated group. Prior to Year 1, Taxpayer elected under Treas. Reg. §301.7701-3(c) to treat Entity A as a disregarded entity. On Date X, Taxpayer elected under Treas. Reg. §301.7701-3(c) to treat Entities B, C, and D as disregarded entities effective on Date X. On Date Y, Taxpayer elected under Treas. Reg. §301.7701-3(c) to treat Entity E as a disregarded entity. Taxpayer represents that losses were incurred by Entity A in Years 1, 2, and 5, and by Entities B, C, D, and E in Year 5.

Taxpayer engaged CPA Firm A to prepare Taxpayer's consolidated federal income tax returns for tax Years 1, 2, and 3, and CPA Firm B to prepare the consolidated federal income tax returns for Years 4 and 5. Individual A has been Taxpayer's vice president of taxes since the fall of Year 6. In his affidavit, Individual A states that Taxpayer relied on CPA Firm A and CPA Firm B for their respective years of engagement to advise Taxpayer of all necessary elections required to be made with respect to the consolidated federal income tax returns filed in Years 1 through 5.

Shortly after taking his position of vice president of taxes, Individual A reviewed Taxpayer's consolidated federal income tax returns for prior years. His review disclosed that Taxpayer did not file with its consolidated federal income tax return for Year 5 the election statements, described in Treas. Reg. §1.1503-2(g)(2)(i), with respect to the losses incurred by Entities A, B, C, D, and E in that year. In addition, his review disclosed that Taxpayer did not file with its consolidated federal income tax return for Year 5 an annual certification, described in Treas. Reg. §1.1503-2(g)(2)(iv)(B), with respect to the losses incurred by Entity A in Years 1 and 2. As a result of that discovery, Individual A asked CPA Firm B to review pre-Year 5 tax returns to see if the requirement of Treas. Reg. §1.1503-2(g)(2) were met for those years. That review showed that Taxpayer did not file an annual certification with its consolidated federal income tax return for Year 2 with respect to the losses incurred by Entity A in Year 1. The review disclosed that Taxpayer filed all other election statements and annual certifications for Years 1 through 4.

Individual B is a partner with CPA Firm B and is responsible for coordinating all of the tax services CPA Firm B provides to Taxpayer. In his affidavit, Individual B states that, due to an inadvertent oversight, CPA Firm B did not advise Taxpayer to attach to its Year 5 consolidated federal income tax return the required election statements, with

respect to the Year 5 losses of Entities A, B, C, D, and E, and annual certifications, with respect to Entity A's Years 1 and 2 losses.

Taxpayer represents that the income tax laws of Foreign Country do not deny the use of losses, expenses, or deductions of Entity A to offset income of another person because the separate unit 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 and the annual certification described in Treas. Reg. §1.1503-2(g)(2)(i) and (vi)(B), respectively, 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 the rules set forth in 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 election and agreement described in §1.1503-2(g)(2)(i), and the annual certification described in §1.1503-2(g)(2)(vi)(B) for the entities and tax years listed on Schedule A.

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 election agreement 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 authorized representatives.

Sincerely,

Associate Chief Counsel (International)

By: /s/ Richard L. Chewning

Richard L. Chewning

Senior Counsel

Office of the Associate Chief Counsel (International)

Enclosures (2):

Schedule A

Copy for 6110 purposes

cc:

cc:

SCHEDULE A

Entity A	(1) An election under Treas. Reg. §1.1503-2(g)(2)(i) for Year 5. (2) An annual certification under Treas. Reg. §1.1503-2(g)(2)(vi)(B) for Year 5 with respect to the losses incurred in Years 1 and 2. (3) An annual certification under Treas. Reg. §1.1503-2(g)(2)(vi)(B) for Year 2 with respect to the losses incurred in Year 1.
Entity B	An election under Treas. Reg. §1.1503-2(g)(2)(i) for Year 5.
Entity C	An election under Treas. Reg. §1.1503-2(g)(2)(i) for Year 5.
Entity D	An election under Treas. Reg. §1.1503-2(g)(2)(i) for Year 5.
Entity E	An election under Treas. Reg. §1.1503-2(g)(2)(i) for Year 5.