

Internal Revenue Service

Department of the Treasury
Washington, DC 20224

Number: **200613016**

Release Date: 3/31/2006

Index Number: 9100.22-00, 1503.04-04

[Third Party Communication:
Date of Communication: Month DD, YYYY]

Person To Contact:
, ID No.

Telephone Number:

Refer Reply To:
CC:INTL
PLR-140233-04

Date:
December 13, 2005

LEGEND

- Taxpayer =
- DE A =
- DE B =
- Branch S =
- Tax Year One =
- Tax Year Two =
- Tax Year Three =
- CPA Firm =
- Individual A =

Dear :

This replies to your representative's letter dated June 1, 2004, in which your representative requests on behalf of Taxpayer an extension of time under Treas. Reg. §301.9100-3 to file the elections and agreements described in §1.1503-2(g)(2)(i) and the annual certifications described in §1.1503-2(g)(2)(vi)(B), as set forth in the table below. Additional information was submitted in a letter dated November 1, 2005.

	Tax Year One	Tax Year Two	Tax Year Three
DE A	X	Y	Y & Z
DE B	X	Y	Y & Z
Branch S	Not applicable	X	X

LEGEND

X = Election and agreement described in Treas. Reg. §1.1503-2(g)(2)(i).
Y = Annual certification described in Treas. Reg. §1.1503-2(g)(2)(vi)(B) for Tax Year One dual consolidated loss ("DCL").

Z = Annual certification described in Treas. Reg. §1.1503-2(g)(2)(vi)(B) for Tax Year Two DCL.
--

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 a U.S. corporation and the common parent of an affiliated group that files a U.S. consolidated federal income tax return. DE A and DE B are members of the consolidated group, and each elected under Treas. Reg. §301.7701-3(a) to be treated as disregarded entities. Under the DCL rules, DE A and DE B are hybrid entity separate units beginning with Tax Year One. Accordingly, DE A and DE B are dual resident corporations, and the losses incurred by each in Tax Year One are DCLs.

Taxpayer did not file the elections and agreements described in Treas. Reg. §1.1503-2(g)(2)(i) for the DCLs incurred by DE A and DE B in Tax Year One with its consolidated federal income tax return for that tax year. Furthermore, Taxpayer did not file the annual certifications described in §1.1503-2(g)(2)(vi)(B) with its consolidated federal income tax return for Tax Year Two for the DCLs incurred by DE A and DE B in Tax Year One. Likewise, Taxpayer did not file the annual certifications with its consolidated federal income tax return for Tax Year Three for the DCLs incurred by DE A and DE B in Tax Years One and Two.

Branch S is a separate unit as defined under Treas. Reg. §1.1503-2(c)(3)(i)(A). Taxpayer filed election statements under §1.1503-2(g)(2)(i) for Branch S for Tax Years Two and Three for the DCL's incurred in each of those years. However, the election statements were not filed in the name of Branch S but in the name of another member of Taxpayer's group.

Taxpayer relies on CPA Firm to prepare its consolidated federal income tax returns, and to ensure that all relevant statutory and regulatory requirements are adequately addressed. Individual A, a partner in that Firm, is responsible for reviewing Taxpayer's returns. Individual A reviewed Taxpayer's consolidated federal income tax return for Tax Year One but did not realize that the election statements for DE A and DE B were missing from that return. In addition, it was determined that the annual certifications with respect to DE A and DE B were omitted from the consolidated federal income tax returns for Tax Years Two and Three because of a misunderstanding as to the taxability of these entities in their respective foreign jurisdictions, and as to whether annual certifications were required to be filed. Furthermore, Individual A did not realize that the elections statements for Branch S were prepared incorrectly.

Taxpayer represents that it filed this application for relief before the Internal Revenue Service discovered the failure to file the elections and agreements and the annual certifications with respect to the DCLs as set forth in the table above.

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, 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 representations 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) as set forth in the table above.

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).

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

This ruling is directed only to 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:

Copy for 6110 purposes

Cc