

Internal Revenue Service

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Department of the Treasury

Washington, DC 20224

[Third Party Communication:

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CC:INTL

PLR-159413-05

Date:

May 08, 2006

LEGEND

Taxpayer =

Corp A =

Corp B =

Tax Year =

One

Country Y =

Dear :

This replies to your representative's letter dated November 11, 2005, in which your representative requests on behalf of Taxpayer an extension of time under Treas. Reg. §301.9100-3 for Taxpayer to file the election and agreement described in §1.1503-2T(g)(2)(i) with respect to the dual consolidated losses (DCLs) incurred by Corp A and Corp B in Tax Year One. Additional information was submitted in a letter dated April 24, 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 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.

In Tax Year One, Taxpayer was the U.S. parent of an affiliated group of corporations that filed a consolidated U.S. income tax return for that year.

Taxpayer owns directly all of the outstanding stock of Corp A, which is a Country Y unlimited liability company. Taxpayer also owns Corp B through two limited liability companies. Corp A, those two limited liability companies, and Corp B were disregarded entities under Treas. Reg. §301.7701-3(b)(2)(i)(C). As such, Corp A and Corp B are hybrid entity separate units as defined in §1.1503-2(c)(4). Corp A and Corp B incurred DCLs, as defined in §1.1503-2(c)(5), in Tax Year One that Taxpayer included in its consolidated U.S. income tax return for that year. Due to inadvertence, Taxpayer failed to file with that return the election and agreement described in §1.1503-2T(g)(2)(i) with respect to those DCLs.

Taxpayer represents that it filed this application for relief before the Internal Revenue Service discovered the failure to file the election and agreement described in Treas. Reg. §1.1503-2T(g)(2)(i). Treas. Reg. §301.9100-3(b)(1)(i).

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 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 within the meaning of §301.9100-3(b), subject to the conditions set forth in §301.9100-3(b)(3), and the grant of relief will not prejudice the interests of the Government within the meaning of §301.9100-3(c).

In the present situation, the election and agreement described in Treas. Reg. §1.1503-2T(g)(2)(i) 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 standards for relief as set forth in Treas. Reg. §301.9100-3. Accordingly, Taxpayer is granted an extension of time of 60 days from the date of this ruling letter for it to file the election and agreement described in §1.1503-2T(g)(2)(i) with respect to the dual consolidated losses incurred by Corp A and Corp B in Tax Year One.

The granting of an extension of time is not a determination that Taxpayer is otherwise eligible to file the election and agreement. Treas. Reg. §301.9100-1(a).

A copy of this ruling letter should be associated with the election and agreement.

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 representative.

Sincerely,

Associate Chief Counsel (International)

By: /s/ Richard L. Chewning
Richard L. Chewning
Senior Counsel
Office of Associate Chief Counsel (International)

Enclosures:
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