

Internal Revenue Service

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Department of the Treasury

Washington, DC 20224

Third Party Communication: None

Date of Communication: Not Applicable

Person To Contact:

, ID No.

Telephone Number:

Refer Reply To:

CC:INTL:B03

PLR-118063-06

Date:

August 14, 2006

TYs:

Legend

Corp A =

Corp B =

Corp A Predecessor =

Group

DRC C =

DRC D =

DRC E

Date L =

Date M =

Individual N =

Firm O =

Country P =

Tax Year 1 =

Tax Year 2 =

Tax Year 3 =

Tax Year 4 =

Tax Year 5 =

Tax Year 6 =

Tax Year 7 =

Tax Year 8 =

Tax Year 9 =

Tax Year 10 =

Tax Year 11 =

Tax Year 12 =

Tax Year 13 =

Dear :

This is in response to a letter dated March 21, 2006, in which Corp A requests an extension of time under Treas. Reg. §301.9100-3 to file the election and agreement described in Treas. Reg. §1.1503-2(g)(2)(i), in accordance with Exhibit A, which is attached to and made a part of this ruling, and the annual certification statements described in Treas. Reg. §1.1503-2(g)(2)(vi)(B) and Treas. Reg. §1.1503-2T(g)(2)(vi)(B), in accordance with Exhibit B, which is attached to and made a part of this ruling. The information submitted for consideration is substantially as set forth below.

The rulings contained 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. 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.

Corp A is a domestic corporation that is the parent of an affiliated group of corporations that files a consolidated federal income tax return on a calendar year basis ("the Corp A Group").

On Date M, Corp B merged with and into Corp A in a reverse acquisition under Treas. Reg §1.1502-75(d)(3). As a result of this merger, the consolidated group of which Corp A was the common parent, the Corp A Predecessor Group, terminated on Date M and the group of which Corp B was the common parent (the "Corp B Group") continued in existence with Corp A as the new common parent as the Corp A Group.

A number of dual resident corporations ("DRCs"), as described in Treas. Reg 1.1503-2(c)(2), including both separate units described in Treas. Reg 1.1503-2(c)(3), and hybrid entity separate units described in Treas. Reg 1.1503-2(c)(4), were members of the Corp A Predecessor Group prior to Date M and became members of the Corp A Group after Date M. Each of these DRCs had dual consolidated losses ("DCLs"), as described in Treas. Reg. §1.1503-2(c)(5), during one or more of the Tax Years 1 through 13. DRC D and DRC E are organized in Country P.

Corp A filed all necessary elections and agreements described in Treas. Reg. §1.1503-2(g)(2)(i) with the exception of the election and agreement for DRC C for the DCL incurred in Tax Year 2. In addition, Corp A did not file the necessary the annual certification statements described in Treas. Reg. §1.1503-2(g)(2)(vi)(B), or Treas. Reg. §1.1503-2T(g)(2)(vi)(B), as applicable, for Tax Years 4 through Tax Year 7, see Exhibit B(1); the certifications for the short period Tax Year 8, see Exhibit B(2); the certification

for Tax Year 9 for DCLs prior to Tax Year 7, see Exhibit B(3); and certain certification for Tax Years 10 through Tax Year 13 as set forth in Exhibit B(4).

Individual N, an officer of Corp A, has stated in an affidavit that these omissions were unintentional and not in bad faith. Individual N indicated that these omissions occurred as a result of inexperience of Corp A Predecessor Group with the application of the DCL rules as well as a substantial turn over in the tax department following the Date M merger. On Date L, Corp A asked Firm O to assist in the preparation of a closing agreement request. In the course of preparing this request, the forgoing deficiencies were discovered. Once Corp A was informed by Firm O of its failures to file the election and agreement and the described annual certifications, Corp A initiated this request for an extension of time under Treas. Reg. §301-9100 to file required election and agreement in accordance with Exhibit A and the annual certifications in accordance with Exhibit B. Corp A represents that this request was submitted prior to the discovery by the Internal Revenue Service of the failure to file these agreements and certifications.

Corp A has represented that the income tax laws of Country P do not deny the losses, expenses, or deductions of either DRC D or DRC E to offset income of another person because the dual resident corporation or separate unit is also subject to the 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.

Treas. Reg. §301.9100-3(b)(1)(i) provides that, except as provided in Treas. Reg. §301.9100-3(b)(3)(i), a taxpayer is deemed to have acted reasonably and in good faith if it requests relief prior to the discovery by the Internal Revenue Service of the failure to make the election.

In the present situation, the election statements described in Treas. Reg. §1.1503-2(g)(2)(i) and the annual certification statements described in Treas. Reg. §1.1503-2(g)(2)(vi)(B) and Treas. Reg. §1.1503-2T(g)(2)(vi)(B) are regulatory elections as defined in Treas. Reg. §301.9100-1(b). Therefore, the Commissioner has the discretionary authority under Treas. Reg. §301.9100-1(c) to grant an extension of time, provided that the taxpayer satisfies the rules set forth in Treas. Reg. §301.9100-3(a).

Based upon the facts and circumstances submitted, we conclude that Corp A satisfies Treas. Reg. §301.9100-3(a). Accordingly, Corp A is granted an extension of time of 60 days from the date of this ruling letter to file the election and agreement in accordance with Exhibit A and the annual certifications in accordance with Exhibit B.

The granting of an extension of time is not a determination that Corp A is otherwise eligible to file the elections and agreements, and annual certifications. See 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).

Except as expressly provided herein, no opinion is expressed or implied concerning the tax consequences of any aspect of any transaction or item discussed or referenced in this letter.

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

A copy of this letter must be attached to any income tax return to which it is relevant. Alternatively, taxpayers filing their returns electronically may satisfy this requirement by attaching a statement to their return that provides the date and control number of the letter ruling.

Sincerely,

Thomas D. Beem
Senior Technical Reviewer, Branch 4
Office of the Associate Chief Counsel
(International)

Extension of time to file the Election and Agreement described in Treas. Reg. §1.1503-2(g)(2)(i) has been requested as indicated:

Name of DRC	TAX YEAR

Extension of time to file the Annual Certification described in Treas. Reg. §1.1503-2(g)(2)(vi)(B) and Treas. Reg. §1.1503-2T(g)(2)(vi)(B) has been requested as indicated:

[illegible]

[illegible]

2. Certifications of the for

[illegible]

[illegible]

3. Certifications for taxable year ended

[illegible]

4. Certifications for taxable years ended

[illegible]