

## Internal Revenue Service

Number: **200712003**

Release Date: 3/23/2007

Index Number: 9100.22-00, 1503.04-04

Department of the Treasury  
Washington, DC 20224

Person To Contact:

Telephone Number:

Refer Reply To:

CC:INTL

PLR-109384-06

Date:

December 20, 2006

Taxpayer =

Entity 1 =

Entity 2 =

Entity 3 =

Entity 4 =

Entity 5 =

Entity 6 =

Entity 7 =

Year 1 =

aa =

bb =

cc =

dd =

ee	=
ff	=
gg	=
Country A	=
CPA Firm	=

Dear

This is in response to a letter dated January 27, 2006, requesting an extension of time under Treas. Reg. § 301.9100-3 to file elections, and agreements, in Year 1 under Treas. Reg. § 1.1503-2T(g)(2)(i) with respect to losses incurred in Year 1 attributable to Taxpayer's interests in the entities described below. Additional information was submitted in a letter dated December 7, 2006. The information submitted for consideration is substantially as set forth below.

Taxpayer has a substantial ownership in a domestic limited partnership that owns, directly or indirectly, all of the entities described below. CPA Firm provides tax consulting and compliance services to the partnership. CPA Firm prepared the partnership's tax return for Year 1. Accordingly, Taxpayer relied on the Form 1065 and Schedule K-1 received from CPA Firm when filing its U.S. federal income tax return. The Schedule K-1, however, did not indicate that the losses attributable to the entities described below could be considered dual consolidated losses to a corporate partner of the partnership. Thus, Taxpayer was not aware, nor was it informed by the partnership, that an election under Treas. Reg. § 1.1503-2T(g)(2) was required to claim the losses on Taxpayer's return.

Entity 1 is disregarded as an entity separate from its owner. The interest in Entity 1 is a hybrid entity separate unit as described in Treas. Reg. § 1.1503-2(c)(4). Entity 1 has activities in Country A that constitute a foreign branch ("Entity 1 Branch") within the meaning of Treas. Reg. § 1.367(a)-6T(g). Entity 1 Branch is a separate unit described in Treas. Reg. § 1.1503-2(c)(3)(i)(A). Dual consolidated losses of Amount aa were attributable to Entity 1 Branch in Year 1. No dual consolidated losses were attributable to the interest in Entity 1.

The interest in Entity 2 is a hybrid entity separate unit as described in §1.1503-2(c)(4). Dual consolidated losses of Amount bb were attributable to the interest in Entity 2 in Year 1.

The interest in Entity 3 is a hybrid entity separate unit as described in Treas. Reg. § 1.1503-2(c)(4). Dual consolidated losses of Amount cc were attributable to the interest in Entity 3 in Year 1.

The interest in Entity 4 is a hybrid entity separate unit as described in Treas. Reg. § 1.1503-2(c)(4). Dual consolidated losses of Amount dd were attributable to the interest in Entity 4 in Year 1.

Entity 5 is disregarded as an entity separate from its owner. The interest in Entity 5 is a hybrid entity separate unit as described in Treas. Reg. § 1.1503-2(c)(4). Entity 5 has activities in Country A that constitute a foreign branch ("Entity 5 Branch") within the meaning of Treas. Reg. § 1.367(a)-6T(g). Entity 5 Branch is a separate unit described in Treas. Reg. § 1.1503-2(c)(3)(i)(A). Dual consolidated losses of Amount ee were attributable to Entity 5 Branch in Year 1. No dual consolidated losses were attributable to the interest in Entity.

The interest in Entity 6 is a hybrid entity separate unit as described in Treas. Reg. § 1.1503-2(c)(4). Dual consolidated losses of Amount ff were attributable to the interest in Entity 6 in Year 1.

Entity 7 is disregarded as an entity separate from its owner. The interest in Entity 7 is a hybrid entity separate unit as described in Treas. Reg. § 1.1503-2(c)(4). Entity 7 has activities in Country A that constitute a foreign branch ("Entity 7 Branch") within the meaning of Treas. Reg. § 1.367(a)-6T(g). Entity 7 Branch is a separate unit described in Treas. Reg. § 1.1503-2(c)(3)(i)(A). Dual consolidated losses of Amount gg were attributable to Entity 7 Branch in Year 1. No dual consolidated losses were attributable to the interest in Entity 7.

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.

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

Based on the facts and information submitted, we conclude that Taxpayer satisfies 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 Year 1 elections and agreements described in this letter for dual consolidated losses for Year 1 that are attributable to Entity 1 Branch, the interest in Entity 2, the interest in Entity 3, the interest in Entity 4, Entity 5 Branch, the interest in Entity 6 and Entity 7 Branch.

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

A copy of this ruling letter should be associated with the elections that are the subject of this ruling.

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 Taxpayer's authorized representatives.

Sincerely,

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Meryl Silver  
Special Counsel  
CC:INTL

Enclosure:  
Copy for 6110 purposes