

Internal Revenue Service

Department of the Treasury
Washington, DC 20224

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Person To Contact:

, ID No.

Telephone Number:

Refer Reply To:

CC: INTL

PLR-109997-06

Date:

January 29, 2007

Taxpayer = EIN:

Entity 1 = EIN:

Entity 2 = EIN:

Entity 3 = EIN

Entity 4 = EIN:

Entity 5 = EIN:

Entity 6 = EIN:

Entity 7 =

Entity 8 =

Entity 9 =

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Entity 10 =

Entity 11 =

Entity 12 =

Entity 13 =

Entity 14 =

Entity 15 =

Entity 16 =

Entity 17 =

Entity 18 =

Year 1 =

Year 2 =

Year 3 =

Year 4 =

Year 5 =

Year 6 =

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Year 7	=
aa	=
bb	=
cc	=
dd	=
ee	=
ff	=
gg	=
hh	=
ii	=
jj	=
kk	=
ll	=
mm	=
nn	=
oo	=
pp	=
qq	=
rr	=
ss	=
tt	=

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uu =

vv =

ww =

xx =

yy =

zz =

aaa =

bbb =

ccc =

eee =

fff =

ggg =

hhh =

iii =

CPA Firm =

Country A =

Country B =

Country C =

Country D =

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Country E	=
Country F	=
Country G	=
Country H	=
Country I	=
Country J	=
Country K	=
Country L	=
Country M	=
Country N	=

Dear

This is in response to a letter dated January 30, 2006, requesting an extension of time under Treas. Reg. § 301.9100-3 to file the following with respect to dual consolidated losses attributable to the Taxpayer's interests in Entities 1 through 18: (1) Elections under Treas. Reg. § 1.1503-2(g)(2)(i) or Treas. Reg. § 1.1503-2T(g)(2)(i), as applicable, for Years 1 through 7, and (2) Annual certifications under Treas. Reg. § 1.1503-2(g)(2)(vi)(B) for Years 1 through Year 6. Additional information was submitted in letters dated May 17, September 28 and December 15, 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 the 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.

During Years 1 through 5, CPA Firm was engaged to review the federal corporate tax return of Taxpayer. Taxpayer used the losses of the dual consolidated loss subsidiaries to offset the income of the U.S. consolidated group for U.S. tax purposes. None of the applicable elections or annual certifications required by Treas. Reg. § 1.1503-2(g)(2) or

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Treas. Reg. § 1.1503-2T(g)(2) were made with respect to these losses, and Taxpayer was never advised by CPA Firm to make these elections and certifications.

Beginning with the Year 6 Federal Income Tax Return of Taxpayer, CPA Firm no longer reviewed Taxpayer's tax return. The return was prepared "in-house" and Taxpayer continued to apply the same procedures and make the same filings that CPA Firm had indicated needed to be done. As such, on Taxpayer's Year 6 and Year 7 Forms 1120 did not include the filings required by Treas. Reg. § 1.1503-2(g)(2) or Treas. Reg. § 1.1503-2T(g)(2) .

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 for Year 1 are attributable to Entity 1 Branch. No dual consolidated losses are attributable to the interest in Entity 1.

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

Entity 3 is a foreign entity that elected to be treated as a partnership for U.S. tax purposes. Taxpayer's interest in Entity 3 is a separate unit as described in Treas. Reg. § 1.1503-2(c)(3)(i)(B), and a hybrid entity separate unit as described in Treas. Reg. § 1.1503-2(c)(4). Entity 3 has activities in Country B that constitute a foreign branch ("Entity 3 Branch") within the meaning of Treas. Reg. § 1.367(a)-6T(g). Taxpayer's interest in Entity 3 Branch is a separate unit described in Treas. Reg. § 1.1503-2(c)(3)(i)(A). Dual consolidated losses of Amounts cc for Year 5 and dd for Year 6 are attributable to Entity 3 Branch. No dual consolidated losses are attributable to taxpayer's interest in Entity 3.

Entity 4 is a foreign entity that elected to be treated as a partnership for U.S. tax purposes. Taxpayer's interest in Entity 4 is a separate unit as described in Treas. Reg. § 1.1503-2(c)(3)(i)(B), and a hybrid entity separate unit as described in Treas. Reg. § 1.1503-2(c)(4). Entity 4 has activities in Country C that constitute a foreign branch ("Entity 4 Branch") within the meaning of Treas. Reg. § 1.367(a)-6T(g). Taxpayer's interest in Entity 4 Branch is a separate unit described in Treas. Reg. § 1.1503-

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2(c)(3)(i)(A). Dual consolidated losses of Amounts ee for Year 2, ff for Year 3 and gg for Year 5 are attributable to Entity 4 Branch. No dual consolidated losses are attributable to taxpayer's interest in Entity 4.

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 D 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 hh for Year 2 are attributable to Entity 5 Branch. No dual consolidated losses are attributable to the interest in Entity 5.

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

Entity 7 is a foreign partnership. Taxpayer's interest in Entity 7 is a separate unit as described in Treas. Reg. § 1.1503-2(c)(3)(i)(B), and 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). Taxpayer's interest in Entity 7 Branch is a separate unit described in Treas. Reg. § 1.1503-2(c)(3)(i)(A). Dual consolidated losses of Amount jj for Year 6 are attributable to Taxpayer's interest in Entity 7 Branch. No dual consolidated losses are attributable to taxpayer's interest in Entity 7.

Entity 8 is a foreign partnership. Taxpayer's interest in Entity 8 is a separate unit as described in Treas. Reg. § 1.1503-2(c)(3)(i)(B), and a hybrid entity separate unit as described in Treas. Reg. § 1.1503-2(c)(4). Entity 8 has activities in Country A that constitute a foreign branch ("Entity 8 Branch") within the meaning of Treas. Reg. § 1.367(a)-6T(g). Taxpayer's interest in Entity 8 Branch is a separate unit described in Treas. Reg. § 1.1503-2(c)(3)(i)(A). Dual consolidated losses of Amount kk for Year 6 are attributable to Taxpayer's interest in Entity 8 Branch. No dual consolidated losses are attributable to taxpayer's interest in Entity 8.

Entity 9 is a foreign branch (within the meaning of Treas. Reg. § 1.367(a)-6T(g)) of a subsidiary of Taxpayer and a separate unit described in Treas. Reg. § 1.1503-2(c)(3)(i)(A). Dual consolidated losses of Amounts ll, mm and nn were incurred by Entity 9 in Country F in Years 4, 5 and 6, respectively.

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Entity 10 is a foreign branch (within the meaning of Treas. Reg. § 1.367(a)-6T(g)) of a subsidiary of Taxpayer and a separate unit described in Treas. Reg. § 1.1503-2(c)(3)(i)(A). Dual consolidated losses of Amount oo were incurred by Entity 10 in Country G in Year 3.

Entity 11 is a foreign branch (within the meaning of Treas. Reg. § 1.367(a)-6T(g)) of a subsidiary of Taxpayer and a separate unit described in Treas. Reg. § 1.1503-2(c)(3)(i)(A). Dual consolidated losses of Amounts pp and qq were incurred by Entity 11 in Country H in Years 3 and 4 respectively.

Entity 12 is a foreign branch (within the meaning of Treas. Reg. § 1.367(a)-6T(g)) of a subsidiary of Taxpayer and a separate unit described in Treas. Reg. § 1.1503-2(c)(3)(i)(A). Dual consolidated losses of Amounts rr, ss and tt were incurred by Entity 11 in Country I in Years 2, 3 and 4, respectively.

Entity 13 is a foreign branch (within the meaning of Treas. Reg. § 1.367(a)-6T(g)) of a subsidiary of Taxpayer and a separate unit described in Treas. Reg. § 1.1503-2(c)(3)(i)(A). Dual consolidated losses of Amounts uu, vv and ww were incurred by Entity 13 in Country C in Years 1, 3 and 4, respectively.

Entity 14 is a foreign branch (within the meaning of Treas. Reg. § 1.367(a)-6T(g)) of a subsidiary of Taxpayer and a separate unit described in Treas. Reg. § 1.1503-2(c)(3)(i)(A). Dual consolidated losses of Amounts xx, yy, zz and aaa were incurred by Entity 14 in Country J in Year 1, 2, 3 and 4, respectively.

Entity 15 is a foreign branch (within the meaning of Treas. Reg. § 1.367(a)-6T(g)) of a subsidiary of Taxpayer and a separate unit described in Treas. Reg. § 1.1503-2(c)(3)(i)(A). Dual consolidated losses of Amount bbb were incurred by Entity 15 in Country K in Year 7.

Entity 16 is a foreign branch (within the meaning of Treas. Reg. § 1.367(a)-6T(g)) of a subsidiary of Taxpayer and a separate unit described in Treas. Reg. § 1.1503-2(c)(3)(i)(A). Dual consolidated losses of Amounts ccc and ddd were incurred by Entity 16 in Country L in Years 1 and 5, respectively.

Entity 17 is a foreign branch (within the meaning of Treas. Reg. § 1.367(a)-6T(g)) of a subsidiary of Taxpayer and a separate unit described in Treas. Reg. § 1.1503-2(c)(3)(i)(A). Dual consolidated losses of Amount eee were incurred by Entity 17 in Country M in Year 7.

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Entity 18 is a foreign branch (within the meaning of Treas. Reg. § 1.367(a)-6T(g)) of a subsidiary of Taxpayer and a separate unit described in Treas. Reg. § 1.1503-2(c)(3)(i)(A). Dual consolidated losses of Amounts fff, ggg, hhh and iii were incurred by Entity 18 in Country N in Years 2, 3, 4 and 5, respectively.

The income tax laws of Country B do not deny the use of losses, expenses, or deductions of Entities 2 and 3 to offset income of another person because the dual resident corporation or 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(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. § 1.1503-2(g)(2) or Treas. Reg. § 1.1503-2T(g)(2), as applicable, 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 elections for the dual consolidated losses described in this letter attributable to Entities 1 through 18 for Years 1 through 7. Taxpayer is not required to file Annual Certifications under the facts described herein because the Taxpayer's dual consolidated losses are attributable to separate units described in Treas. Reg. § 1.1503-2(c)(3)(i)(A) and, therefore, an extension of time is not necessary in this regard. Treas. Reg. § 1.1503-2(g)(2)(vi)(C).

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The granting of an extension of time is not a determination that Taxpayer is otherwise eligible to file the election agreements. 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).

A copy of this ruling letter should be associated with the election agreements 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 representative.

Sincerely,

Richard D. Fultz
Special Counsel
Office of Associate Chief Counsel
(International)

Enclosure:
Copy for 6110 purposes