

Internal Revenue Service

Department of the Treasury
Washington, DC 20224

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Person To Contact:

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Refer Reply To:

CC:INTL

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Date:

March 29, 2007

LEGEND

Taxpayer = .

Sub =

Branch =

Country Y =

Year 1 =

Year 2 =

CPA Firm =

Dear :

This is in response to a letter dated January 8, 2007, from your authorized representative requesting an extension of time under Treas. Reg. § 301.9100-3 for Taxpayer to file elections and agreements under Treas. Reg. § 1.1503-2(g)(2)(i) or Treas. Reg. § 1.1503-2T(g)(2)(i), as applicable, with respect to dual consolidated losses as defined in Treas. Reg. § 1.1503-2(c)(5) attributable to Branch in Years 1 and 2. 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. Taxpayer is a U.S. corporation and the common parent of a group of corporations that filed a consolidated U.S. federal income tax return for Years 1 and 2. During Years 1 and 2, Taxpayer directly owned Sub, a domestic corporation and consolidated group member that operated in Country Y through Branch. Branch 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). Branch incurred dual consolidated losses in Years 1 and 2.

Taxpayer engaged CPA Firm to complete its income tax returns for Years 1 and 2. CPA Firm failed to identify Branch as a separate unit as that term is defined in Treas. Reg. § 1.1503-2(c)(3). Thus, the elections and agreements required by Treas. Reg. § 1.1503-2(g)(2)(i) or Treas. Reg. § 1.1503-2T(g)(2)(i), as applicable, were not filed with Taxpayer's Year 1 and Year 2 returns.

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 elections and agreements described in Treas. Reg. § 1.1503-2(g)(2)(i) and Treas. Reg. § 1.1503-2T(g)(2)(i) 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 and agreements described

in Treas. Reg. § 1.1503-2(g)(2)(i) or Treas. Reg. § 1.1503-2T(g)(2)(i), as applicable, with regard to the dual consolidated losses incurred by Branch in Year 1 and Year 2.

The granting of an extension of time is not a determination that Taxpayer is otherwise eligible to file these elections and agreements. Treas. Reg. § 301.9100-1(a). A copy of this ruling letter should be associated with the elections and 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,

Associate Chief Counsel (International)

By: _____
Douglas Giblen
Senior Technical Reviewer (Branch 7)
Office of the Associate Chief Counsel (International)

Enclosure:
Copy for 6110 purposes

cc: