

Internal Revenue Service

Department of the Treasury
Washington, DC 20224

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Person To Contact:

Telephone Number:

Refer Reply To:

CC:INTL

PLR-154816-06

Date:

May 9, 2007

Taxpayer =

Entity 1 =

Entity 2 =

Entity 3 =

Entity 4 =

Entity 5 =

Entity 6 =

Entity 7 =

Entity 8 =

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Entity 9 =

Entity 10 =

Entity 11 =

Entity 12 =

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Entity 26 =

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Entity 28 =

Entity 29 =

Entity 30 =

Entity 31 =

Entity 32 =

Entity 33 =

Entity 34 =

Year 1 =

Year 2 =

Year 3 =

Year 4 =

Year 5 =

Year 6 =

Year 7 =

Country A =

Dear :

This is in response to a letter dated November 21, 2006, from your representative requesting an extension of time under Treas. Reg. § 301.9100-3 for Taxpayer to file annual certifications in Year 6 under Treas. Reg. § 1.1503-2T(g)(2)(vi)(B), and

elections and agreements under Treas. Reg. § 1.1503-2T(g)(2)(i) with respect to dual consolidated losses as defined in Treas. Reg. § 1.1503-2(c)(5) attributable the entities described below. Additional information was submitted in letters dated February 21 and April 16, 2007. 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.

Entities 1 through 34 are either disregarded as entities separate from their respective owners or are treated as partnerships for U.S. tax purposes. The interests in Entities 1 through 32 and 34 constitute hybrid entity separate units within the meaning of Treas. Reg. § 1.1503-2(c)(4). Entities 1 through 32 and 34 have activities in their respective countries of incorporation that constitute a foreign branch within the meaning of Treas. Reg. § 1.367(a)-6T(g), and hereinafter will be referred to as Branches 1 through 32 and 34. Entity 33 conducts activities in a foreign country that constitute a foreign branch within the meaning of Treas. Reg. § 1.367(a)-6T(g), and hereinafter will be referred to as Branch 33. Branches 1 through 34 each are separate units described in Treas. Reg. § 1.1503-2(c)(3)(i)(A). Certain dual consolidated losses were attributable to Branches 1 through 34 during one or more of Years 1 through 6. No dual consolidated losses were attributable to the interest in Entities 1 through 32 and 34.

Taxpayer was acquired by another corporation in Year 7 and lost a significant number of its tax department staff as a result. Accordingly, Year 6 election statements required under Treas. Reg. § 1.1503-2T(g)(2)(i) were not filed with respect dual consolidated losses incurred by Branches 20, 23, 25, 29, 31, 32, 33 and 34, in Year 6.

The income tax laws of Country A do not deny the use of losses, expenses, or deductions of Branches 29 and 31 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. § 1.1503-2T(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 for the dual consolidated losses incurred by Branches 20, 23, 25, 29, 31, 32, 33 and 34 in Year 6. Taxpayer is not required to file annual certifications with respect to losses attributable to Branches 1 through 34 because Branches 1 through 34 are 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).

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). 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 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 representative.

Sincerely,

Jeffrey L. Dorfman
Branch Chief
CC:INTL:Br5

Enclosure: