

Internal Revenue Service

Department of the Treasury
Washington, DC 20224

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Person To Contact:
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Telephone Number:

Refer Reply To:
CC:INTL
PLR-155605-07
Date:
August 24, 2007

Taxpayer =

Entity 1 =

Entity 2 =

Entity 3 =

Entity 4 =

Entity 5 =

Entity 6 =

Entity 7 =

Entity 8 =

Year 1 =
Country A =
Country B =
CPA Firm =

Dear :

This is in response to a letter dated November 28, 2006, from your representative requesting an extension of time under Treas. Reg. § 301.9100-3 for Taxpayer to file 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 to the entities described below. Additional information was submitted in letters dated February 15 and February 21, 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 8 are disregarded as entities separate from their owner. The interests in Entities 1 through 8 are hybrid entity separate units as described in Treas. Reg. § 1.1503-2(c)(4). Entities 1 through 8 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 8. Branches 1 through 8 each are separate units described in Treas. Reg. § 1.1503-2(c)(3)(i)(A). Dual consolidated losses were attributable to Branches 1 through 8 in Year 1. No dual consolidated losses were attributable to the interest in Entities 1 through 8.

Taxpayer relied on its Corporate Tax Department and its outside accountants, CPA Firm, to prepare and review its consolidated return and to include the necessary elections and certifications with its return. The in-house return preparers inadvertently failed to include the elections under Treas. Reg. § 1.1503-2T(g)(2)(i) for the dual consolidated losses attributable to Branches 1 through 8 for Year 1. Also, CPA Firm inadvertently failed to advise Taxpayer of the requirement to file the elections.

The income tax laws of Country A do not deny the use of losses, expenses, or deductions of Branch 2 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.

The income tax laws of Country B do not deny the use of losses, expenses, or deductions of Branch 7 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 Year 1 losses attributable to Branches 1 through 8.

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 representatives.

Sincerely,

Phyllis E. Marcus
Branch Chief
CC:INTL:Br2

Enclosure:
Copy for 6110 purposes

cc: