

## Internal Revenue Service

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Department of the Treasury  
Washington, DC 20224

Third Party Communication: None  
Date of Communication: Not Applicable

Person To Contact:  
, ID No.

Telephone Number:

Refer Reply To:  
CC:INTL  
PLR-130896-07

Date:  
September 20, 2007

Taxpayer 1 =

Taxpayer 2 =

Sub 1 =

Sub 2 =

Sub 3 =

Sub 4 =

Sub 4A =

Date A =

Date B =

Date C =

Date D =

Year 1 =

Year 2 =

Year 3 =

Year 4 =

Year 5

Year 6 =

Year 7 =

Dear :

This is in response to a letter dated June 29, 2007, requesting an extension of time under Treas. Reg. § 301.9100-3 to submit a request to enter into a closing agreement pursuant to Rev. Proc. 2000-42, 2000-2 C.B. 394. Additional information was received in a letter dated August 22, 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 the taxpayer and accompanied by a penalty of perjury statement executed by the appropriate parties. 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.

Prior to Date A, Sub 1 was a member of Sub 3's consolidated group and was wholly-owned by Sub 2, which in turn was wholly-owned by Sub 3. On Date A, Sub 2 transferred all of the stock of Sub 1 to Sub 4 in exchange for Sub 4 stock ("Transaction 1"). Soon thereafter, Sub 4 changed its name to Sub 4A. The transfer of Sub 1 stock constituted a triggering event under Treas. Reg. § 1.1503-2(g)(2)(iii)(A)(2), and, in order to avoid the recapture of certain dual consolidated losses, Sub 3 and Sub 4A were required pursuant to Treas. Reg. § 1.1503-2(g)(2)(iv) to enter into a closing agreement with the Internal Revenue Service.

On Date B, Sub 3 acquired all of the stock of Sub 4A that it did not already own as a result of a transfer of Sub 4A stock to Sub 3 by a foreign person in exchange for Sub 3 stock in a transaction described in I.R.C. § 351. During Sub 3's Year 7, Sub 3 transferred all of the stock of Sub 4A to Sub 2 in a transaction described in I.R.C. § 351.

On Date C, Sub 4A sold all of the stock of Sub 1 to Taxpayer 2 in a taxable transaction ("Transaction 2"). The transaction constituted a triggering event under Treas. Reg. § 1.1503-2(g)(2)(iii)(A)(2), and, in order to avoid the recapture of certain dual consolidated

losses, Sub 3 and Taxpayer 2 were required pursuant to Treas. Reg. § 1.1503-2(g)(2)(iv) to enter into a closing agreement with the Internal Revenue Service. On Date D, Sub 4A was liquidated into Sub 2 in a transaction described in I.R.C. § 332.

Taxpayer 1 is requesting relief with respect to Transaction 1 as the common parent of a consolidated group consisting of, *inter alia*, Sub 3, the previous common parent of Sub 3's consolidated group. Taxpayer 1 is also requesting relief with respect to Transaction 2 as the common parent of a consolidated group consisting of, *inter alia*, Sub 2, the successor-in-interest to Sub 4A and Sub 4.

Section 3.02 of Rev. Proc. 2000-42 provides that a taxpayer must enter into a closing agreement with the Internal Revenue Service before the taxpayer files its tax return for the taxable year of a triggering event. Alternatively, the taxpayer may submit its request for a closing agreement by the due date of its return (including extensions) for the triggering event year. Subs 3, 4A, and Taxpayer 2 neglected to enter into such agreements in a timely manner.

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 request to enter into a closing agreement is a regulatory election as defined in Treas. Reg. § 301.9100-1(b). Therefore, the Commissioner has discretionary authority under Treas. Reg. § 301.9100-1(c) to grant an extension of time, provided the requirements set forth in Treas. Reg. § 301.9100-3(a) are satisfied.

Based on the facts and information submitted, we conclude that Taxpayer 1 and Taxpayer 2 have satisfied Treas. Reg. § 301.9100-3(a). Accordingly, Taxpayer 1, as the common parent of a consolidated group, including Sub 3 and Sub 2 (as successor-in-interest to Sub 4A), is granted an extension of time of 60 days from the date of this ruling letter to submit a request to enter into a closing agreement pursuant to Rev. Proc.

2000-42 regarding Transaction 1 with respect to certain dual consolidated losses used by Sub 3's consolidated group in Year 1.

In addition, Taxpayer 1 and Taxpayer 2 are granted an extension of time of 60 days from the date of this ruling letter to submit a request to enter into a closing agreement pursuant to Rev. Proc. 2000-42 regarding Transaction 2 with respect to (a) certain dual consolidated losses used by the Sub 3 consolidated group for Year 1; (b) certain dual consolidated losses used by Sub 4A for Year 1, Year 2, Year 3, and Year 4; and (c) certain dual consolidated losses used by the Sub 3 consolidated group for Year 5, Year 6, and Year 7.

The granting of an extension of time is not a determination that Taxpayer 1 and Taxpayer 2 are otherwise eligible to enter into a closing agreement. Treas. Reg. § 301.9100-1(a).

A copy of this ruling letter should be associated with the request to enter into the closing agreements.

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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David B. Bailey  
Assistant to the Branch Chief, Branch 4  
Office of Chief Counsel (International)

Enclosure:  
Copy for 6110 purposes

CC: