

## 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:

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CC:INTL:BR4

PLR-147981-07

Date:

January 03, 2008

Taxpayer 1 =

Taxpayer 1A =

Taxpayer 2 =

Taxpayer 3 =

Sub 1 =

Sub 2 =

Entity A =

Country A =

Country B =

Date A =

Date B =

Date C	=
Date D	=
Date E	=
Date F	=
Date G	=
Date H	=
Date I	=
Year 1	=
Year 2	=
Year 3	=
Year 4	=

Dear :

This is in response to a letter dated October 12, 2007, requesting an extension of time under Treas. Reg. § 301.9100-3 to submit a request for Taxpayer 1 to enter into a closing agreement with the Internal Revenue Service and Taxpayer 2 pursuant to Rev. Proc. 2000-42, 2000-2 C.B. 394. Additional information was received in a letter dated November 26, 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 taxpayers 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.

As of Date A, Taxpayer 3 was the common parent of a consolidated return group that included, *inter alia*, Taxpayer 1, then known as Taxpayer 1A. On Date C, Taxpayer 1A reincorporated and changed its name to Taxpayer 1. On Date D, Taxpayer 3 sold some of its shares of Taxpayer 1 in an initial public offering and concurrent private placements and on Date E, Taxpayer 3 spun off its remaining shares of Taxpayer 1 to the

shareholders of Taxpayer 3. As a result of this distribution, Taxpayer 1 left the Taxpayer 3 consolidated group and became the common parent of a consolidated group.

Sub 1, a Country A company, was a wholly owned subsidiary of Taxpayer 1A. On Date B, Sub 1 made a check-the-box election under section 7701 to be disregarded from Taxpayer 1A as of Date A. On Date F, Taxpayer 1 formed Sub 2, a Delaware corporation. As part of this transaction, Taxpayer 1 transferred the stock of Sub 1 to Sub 2.

On Date G, Taxpayer 1 distributed all of the shares of Sub 2 to the shareholders of Taxpayer 1 (the "Distribution"). The Distribution of Sub 2 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, Taxpayer 1 was required pursuant to Treas. Reg. § 1.1503-2(g)(2)(i) to enter into a closing agreement with the Internal Revenue Service and Sub 2.

On Date H, Entity A, a Country B company, acquired all the outstanding stock of Sub 2. On Date I, Sub 2 changed its name to Taxpayer 2.

Taxpayer 1 is requesting relief with respect to the Distribution. Taxpayer 1 requests relief as the common parent of the consolidated group that consisted of, *inter alia*, Sub 2, at the time of the Distribution.

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. Taxpayer 1 neglected to enter into such an agreement 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 has satisfied Treas. Reg. § 301.9100-3(a). Accordingly, Taxpayer 1, as the common parent of the consolidated group that consisted of, *inter alia*, Sub 2, at the time of the Distribution, 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 the Distribution with respect to certain dual consolidated losses used by the Taxpayer 1 consolidated group for Year 1, Year 2, Year 3 and Year 4.

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 taxpayers 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 the taxpayers' authorized representatives.

Sincerely,

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

Enclosure:  
Copy for 6110 purposes