

## Internal Revenue Service

Department of the Treasury  
Washington, DC 20224

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Person To Contact:

, ID No.

Telephone Number:

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PLR-106979-08

Date: June 10, 2008

### LEGEND

Partnership =

A =

B =

Prior Members =

State =

a =

b =

c =

Dear :

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We received a letter dated January 9, 2008, and subsequent correspondence, submitted on behalf of Partnership requesting an extension of time under § 301.9100-3 of the Procedure and Administration Regulations to make an election under § 754 of the Internal Revenue Code. This letter responds to that request.

### FACTS

According to the information submitted, Partnership was formed on a, as a limited liability company under the laws of State. B acquired an interest in Partnership from Prior Members on b; thus Partnership's current members are A and B. It was intended that a § 754 election be filed on behalf of Partnership for taxable year c. However, when Partnership's partnership tax return for c was filed, an election to adjust the basis of partnership property was inadvertently not filed with the return.

### LAW AND ANALYSIS

Section 754 provides, in part, that if a partnership files an election, in accordance with the regulations prescribed by the Secretary, the basis of partnership property is adjusted, in the case of a transfer of a partnership interest, in the manner provided in § 743. Such an election shall apply with respect to all distributions of property by the partnership and to all transfers of interests in the partnership during the taxable year with respect to which the election was filed and all subsequent taxable years.

Section 1.754-1(b) of the Income Tax Regulations provides that an election under § 754 to adjust the basis of partnership property under §§ 734(b) and 743(b), with respect to a distribution of property to a partner or a transfer of an interest in a partnership, shall be made in a written statement filed with the partnership return for the taxable year during which the distribution or transfer occurs. For the election to be valid, the return must be filed not later than the time prescribed by § 1.6031-1(e) (including extensions thereof) for filing the return for that taxable year.

Under § 301.9100-1(c), the Commissioner may grant a reasonable extension of time to make a regulatory election, or a statutory election (but no more than six months except in the case of a taxpayer who is abroad), under all subtitles of the Internal Revenue Code except subtitles E, G, H, and I. Section 301.9100-1(b) provides that the term "regulatory election" includes an election whose due date is prescribed by a regulation published in the Federal Register.

Sections 301.9100-1 through 301.9100-3 provide the standards the Commissioner will use to determine whether to grant an extension of time to make an election.

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Section 301.9100-2 provides automatic extensions of time for making certain elections. Section 301.9100-3 provides extensions of time for making regulatory elections that do not meet the requirements of § 301.9100-2.

Section 301.9100-3(a) provides that requests for relief under § 301.9100-3 will be granted when the taxpayer provides the evidence (including affidavits described in § 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.

### CONCLUSIONS

Based on the facts and representations submitted, Partnership has established that the requirements of §§ 301.9100-1 and 301.9100-3 are satisfied. Consequently, Partnership is granted an extension of time of 60 days from the date of this letter for making a § 754 election effective for c. The election should be made in a written statement and filed with the appropriate service center for association with Partnership's c partnership tax return. A copy of this letter should be attached to the statement filed. A copy of this letter is enclosed for that purpose.

Except for the specific ruling above, we express or imply no opinion concerning the federal tax consequences of the facts of this case under any other provision of the Code. Specifically, we express or imply no opinion as to whether Partnership is a partnership for federal tax purposes.

This ruling is directed only to the taxpayer requesting it. According to § 6110(k)(3), this ruling may not be used or cited as precedent.

Pursuant to a power of attorney on file with this office, we are sending a copy of this letter to Partnership's authorized representative.

Sincerely,

/s/

WILLIAM P. O'SHEA  
Associate Chief Counsel  
(Passthroughs & Special Industries)

Enclosures: 2 copies of this letter  
Copy for § 6110 purposes