

Internal Revenue Service

Department of the Treasury
Washington, DC 20224

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Date:
November 17, 2008

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Legend

Taxpayer 1 =

Taxpayer 2 =

Taxpayer 3 =

Taxpayer 4 =

Taxpayer 5 =

US Sub 1 =

US Sub 2 =

Date 1 =

Date 2 =

Country A =

State X =

Dear :

This replies to a letter dated June 26, 2008, in which Taxpayer 1's authorized representative requested an extension of time under Treas. Reg. § 301.9100-3 to satisfy the statement and notice requirements of Treas. Reg. §§ 1.897-2(g) and 1.897-2(h). The information submitted for consideration is substantially as set forth below. Note that the procedures of Rev. Proc. 2008-27 apply with respect to requests for relief for untimely statements and notices under Treas. Reg. §§ 1.897-2(g) and 1.897-2(h)(2) filed after June 26, 2008.

The rulings contained in this letter are based upon information and representations submitted by Taxpayer 1 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 ruling. Verification of the factual information, representations, and other data may be required as a part of the audit process.

FACTUAL BACKGROUND

Taxpayer 1 is a Country A Company that is treated as a corporation for U.S. federal tax purposes. In anticipation of the acquisition described below, Taxpayer 1 established two wholly-owned subsidiaries: Taxpayer 2, a Country A entity that is treated as a corporation for U.S. federal income tax purposes, and US Sub 1, a State X corporation.

Taxpayer 3 is a Country A entity that is treated as a corporation for U.S. federal income tax purposes.

On Date 1, Taxpayer 2 acquired Taxpayer 3 from an unrelated person. At the time of this acquisition, Taxpayer 3 owned 100% of Taxpayer 4, a Country A entity that is treated as a corporation for U.S. federal income tax purposes, and Taxpayer 4 owned 100% of US Sub 2, a State X corporation. As a result of the acquisition, Taxpayer 4 was treated for U.S. federal tax purposes as selling the stock of its wholly-owned subsidiary, US Sub 2, to Taxpayer 5, a Country A entity that is treated as a corporation for U.S. federal income tax purposes and that is wholly-owned by Taxpayer 3. This transaction is hereinafter referred to as the "Acquisition."

On Date 2, Taxpayer 5 transferred its wholly-owned subsidiary, US Sub 2, to US Sub 1 in exchange for a note in the approximate amount of Amount A. Subsequently, on Date 2, US Sub 2 changed its legal status from a State X corporation to a State X limited liability company and did not elect to be treated as an association. These transactions were treated for U.S. tax purposes as if US Sub 2 transferred its assets to US Sub 1 in exchange for a nominal share of US Sub 1 stock, and as if this nominal share of US Sub 1 stock were transferred from US Sub 2 to Taxpayer 5, to Taxpayer 3, and to Taxpayer 2. These transactions that occurred on Date 2 are hereinafter referred to as the "Reorganization."

As to the Acquisition, Taxpayer 4 did not request from US Sub 2 a statement certifying that Taxpayer 4's interest in US Sub 2 was not a United States Real Property Interest as defined in Section 897(c) of the Code ("USRPI") as of the date of the Acquisition. Moreover, neither Taxpayer 4 nor Taxpayer 5 received a statement certifying that Taxpayer 4's interest in US Sub 2 was not a USPRI as of the date of the Acquisition. Consequently, the required notice was not sent to the IRS.

Taxpayer 4 now seeks relief under the provisions of Treas. Reg. §§ 301.9100-1 and -3 to request the applicable statement from US Sub 2 and to forward that statement to Taxpayer 5 and for US Sub 2 to file the applicable notice late with respect to the Acquisition.

As to the Reorganization, Taxpayer 5 did not request or receive from US Sub 2 a statement certifying that Taxpayer 5's interest in US Sub 2 was not a USRPI as of the date of the Reorganization. Consequently, the required notice was not sent to the IRS.

Taxpayer 5 now seeks relief under the provisions of Treas. Reg. §§ 301.9100-1 and -3 to request the applicable statement from US Sub 2 and for US Sub 2 to file the applicable notices late with respect to the Reorganization.

Similarly, none of Taxpayers 2, 3 or 5 requested or received statements from US Sub 1 certifying that each of Taxpayers 2, 3 and 5's interests in US Sub 1 were not USRPIs as of the date of the Reorganization. Consequently, the required notices were not sent to the IRS.

Taxpayers 2, 3 and 5 now seek relief under the provisions of Treas. Reg. §§ 301.9100-1 and -3 to request the applicable statement from US Sub 1 and for US Sub 1 to file the applicable notices late with respect to the Reorganization.

DISCUSSION

Treas. Reg. § 301.9100-1(c) provides that the Commissioner has discretion to grant a reasonable extension of time under the standards set forth in Treas. Reg. § 301.9100-3 to make a regulatory election under all subtitles of the Code, except subtitles E, G, H, and I.

Treas. Reg. § 301.9100-1(b) defines a regulatory election as an election whose due date is prescribed by a regulation, a revenue ruling, revenue procedure, notice, or announcement. An election includes an application for relief in respect of tax.

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.

RULINGS

Based on the facts and circumstances of this case, we conclude that the standards of Treas. Reg. § 301.9100-3(a) have been satisfied. Accordingly, we provide the following rulings:

As to the Acquisition, Taxpayer 4, Taxpayer 5 and US Sub 2 are granted an extension of time until 60 days from the date of this ruling letter to satisfy the statement and notice requirements of Treas. Reg. §§ 1.897-2(g) and 1.897-2(h).

As to the Reorganization, Taxpayer 2, Taxpayer 3, Taxpayer 5, US Sub 1, and US Sub 2 are granted an extension of time until 60 days from the date of this ruling letter to satisfy the statement and notice requirements of Treas. Reg. §§ 1.897-2(g) and 1.897-2(h) with respect to the Reorganization.

The granting of an extension of time is not a determination that Taxpayer 2, Taxpayer 3, Taxpayer 4, Taxpayer 5, US Sub 1 or US Sub 2 is otherwise eligible to comply with the statement and notice requirements. Treas. Reg. § 301.9100-1(a).

Except as expressly provided herein, no opinion is expressed or implied concerning the tax consequences of any aspect of any transaction or item discussed or referenced in this letter including the characterization of the transactions as a reorganization.

A copy of this ruling letter should be attached with the statement and the notice mailed to the IRS.

This ruling is directed only to the taxpayer requesting it. Section 6110(k)(3) of the Code provides that it may not be used or cited as precedent.

In accordance with the Power of Attorney on file with this office, a copy of this letter is being sent to your authorized representatives.

Sincerely,

David B. Bailey
Assistant to the Branch Chief
Associate Chief Counsel
International, Branch 4

cc: