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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:PSI:BR01

PLR-141530-08

Date:

February 18, 2009

Legend:X =Y =State 1 =State 2 =Date 1 =Date 2 =Date 3 =Year 1 =

Dear :

This responds to your request on behalf of X, dated September 25, 2008, requesting that X be granted an extension of time in which to make an election under section 754 of the Internal Revenue Code.

Facts

Based on the materials submitted and representations made therein, the relevant facts are as follows. X was formed as a limited liability company under the laws of State

1 on Date 1. On Date 2, Y, an existing partner of X, made an additional capital contribution to X, which was subsequently distributed to each of the partners of X in proportion to their ownership interest in a transaction that was treated as a sale of partnership interests under section 707(a)(2)(B) of the Code. On Date 3, X redomesticated to State 2. X intended to make an election under Section 754 of the Code, effective for Year 1. However, X's tax preparer inadvertently failed to timely file the section 754 election for Year 1.

X is seeking to be granted an extension of time to make a section 754 election and represents that it is not under examination for any of the tax years in question. X represents that it is not using hindsight in making the election and that the interests of the government will not be prejudiced by granting relief.

Law and Analysis

Under section 754, a partnership may elect to adjust the basis of partnership property where there is a distribution of property or a transfer of a partnership interest. The election applies to all distributions of property by the partnership and to all transfers of interests in the partnership during the taxable year that the election applies and all subsequent taxable years.

Section 1.754-1(b) of the Income Tax Regulations provides that an election under section 754 is 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 no later than the time for filing for the taxable year.

Under section 301.9100-1(c) of the Procedure and Administration Regulations, 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 Code, except subtitles E, G, H, and I. Section 301.9100-1(b) defines the term "regulatory election" as an election whose deadline is prescribed by a regulation published in the Federal Register, or a revenue ruling, revenue procedure, notice, or announcement published in the Internal Revenue Bulletin.

Sections 301.9100-2 and 301.9100-3 provide the standards the Commissioner will use to determine whether to grant an extension of time to make an election. Section 301.9100-2 provides automatic extensions of time for making certain elections. Section 301.9100-3 provides extensions of time for making elections that do not meet the requirements of section 301.9100-2. Requests for relief under section 301.9100-3 will be granted when the taxpayer provides evidence to establish that the taxpayer acted reasonably and in good faith, and that granting relief will not prejudice the interest of the government.

Conclusions

Based on the information submitted and the representations made therein, we conclude that the requirements of sections 301.9100-1 and 301.9100-3 have been satisfied. As a result, X is granted an extension of time of sixty (60) days following the date of this letter to make a section 754 election. The election should be made in a written statement filed with the applicable service center. A copy of this letter should be attached to the statement filed. A copy of this letter is enclosed for that purpose.

Except as specially set forth above, we express no opinion concerning the federal income tax consequences of the transactions described above under any other provision of the Code. Specifically, we express no opinion as to whether or not X is a partnership for tax purposes.

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

Pursuant to the power of attorney on file with this office, a copy of this letter is being sent to the authorized taxpayer representatives.

Sincerely,

Curt G. Wilson

Curt G. Wilson
Associate Chief Counsel
(Passthroughs & Special Industries)

Enclosures (2)

Copy of this letter

Copy of this letter for section 6110 purposes