

Internal Revenue Service

Department of the Treasury
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Date:
June 28, 2011

TY:

LEGEND:

Taxpayer =

Date 1 =

Tax Professional =

Company Official =

Dear :

This letter responds to a letter dated February 17, 2011, submitted on behalf of Taxpayer, requesting an extension of time under § 301.9100-3 of the Procedure and Administration Regulations to file an election under § 1.382-9(i) not to have the provisions of § 382(l)(5) apply to an ownership change in a title 11 or similar case (the "Election"). Additional information was received in letters dated April 25, May 19, and May 31, 2011. The material information submitted in the request and later correspondence is summarized below.

On Date 1, Taxpayer, a loss corporation, underwent an ownership change as defined by § 382(g). Immediately before the ownership change on Date 1, Taxpayer was under the jurisdiction of a court in a title 11 case.

Section 382(l)(5) provides that if certain requirements are met, § 382(a) shall not apply to an ownership change. If § 382(l)(5) applies, certain limitations are placed on a corporation.

Section 382(l)(5)(H) provides that a new loss corporation may elect, subject to terms and conditions as the Secretary may prescribe, not to have the provisions of § 382(l)(5) apply. If a new loss corporation wishes to elect out of § 382(l)(5), such election must be made by the due date (including extensions of time) of the loss corporation's tax return for the taxable year which includes the change date. Section 1.382-9(i).

The Election was required to be filed by the due date (including any extensions of time) of Taxpayer's tax return for the taxable year which includes Date 1, but for various reasons a valid Election was not filed. After the due date for the Election, it was discovered that the Election had not been filed. Subsequently, this request was submitted by Taxpayer under § 301.9100-3, for an extension of time to file the Election.

Under § 301.9100-1(c), the Commissioner has discretion to 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.

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 a regulatory election. Section 301.9100-1(a). Section 301.9100-2 provides automatic extensions of time for making certain elections. Section 301.9100-3 provides extensions of time for making certain elections that do not meet the requirements of § 301.9100-2. Requests for relief under § 301.9100-3 will be granted when the taxpayer provides evidence to establish to the satisfaction of the Commissioner that the taxpayer acted reasonably and in good faith, and that granting relief will not prejudice the interests of the government. Section 301.9100-3(a).

In this case, the time for filing the Election is fixed by the regulations (i.e., § 1.382-9(i)). Therefore, the Commissioner has discretionary authority under § 301.9100-3 to grant an extension of time for Taxpayer to file the Election, provided Taxpayer acted reasonably and in good faith, the requirements of §§ 301.9100-1 and 301.9100-3 are satisfied, and granting relief will not prejudice the interests of the government.

Information, affidavits, and representations submitted by Taxpayer, Company Official, and Tax Professional, explain the circumstances that resulted in the failure to timely file a valid Election. The information establishes that Taxpayer reasonably relied upon a qualified tax professional who failed to make, or advise Taxpayer to make, the Election, and the request for relief was filed before the failure to make the Election was discovered by the Internal Revenue Service. See §§ 301.9100-3(b)(1)(i) and (v).

Based on the facts and information submitted, including the representations made, we conclude that Taxpayer has established that it acted reasonably and in good faith in failing to timely file the Election, the requirements of §§ 301.9100-1 and 301.9100-3 are satisfied, and granting relief will not prejudice the interests of the government.

Accordingly, we grant an extension of time under § 301.9100-3, until 45 days from the date on this letter, for Taxpayer to file the Election.

Taxpayer should file the Election by filing the statement described in § 1.382-9(i). A copy of this letter should be attached to the Election statement.

The above extension of time is conditioned on Taxpayer's tax liability (if any) being not lower, in the aggregate, for all years to which the Election applies, than it would have been if the Election had been timely made (taking into account the time value of money). No opinion is expressed as to Taxpayer's tax liability for the years involved. A determination thereof will be made upon audit of the Federal income tax returns involved.

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.

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.

A copy of this letter must be attached to any income tax return to which it is relevant. Alternatively, taxpayers filing their returns electronically may satisfy this requirement by attaching a statement to their return that provides the date and control number of the letter ruling.

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

Sincerely,

Ken Cohen
Ken Cohen
Senior Technician Reviewer, Branch 3
Office of Associate Chief Counsel
(Corporate)