

Internal Revenue Service

Department of the Treasury
Washington, DC 20224

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Person To Contact:
, ID No.

Telephone Number:

Refer Reply To:
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Date:
May 09, 2011

TY:

Legend

A =

Account 1 =

Account 2 =

Financial Institution =

Tax Years =

Year 1 =

Year 2 =

Dear :

This is in reply to a letter dated March 30, 2011, requesting an extension of time under Treas. Reg. § 301.9100-3 for A to elect the provisions of Rev. Proc. 2002-23, 2002-1 C.B. 744, for Tax Years.

The ruling contained in this letter is based upon information and representations submitted by the taxpayer and accompanied by a penalty of perjury statement executed by an appropriate party. While this office has not verified any of the material submitted in support of the requested rulings, it is subject to verification on examination. The information submitted for consideration is substantially as set forth below.

FACTS

A is a former Canadian resident who became a U.S. resident in Year 1. Prior to becoming a U.S. resident, A established Account 1, a registered retirement savings plan, and Account 2, a locked-in retirement account, with Financial Institution.

A hired a certified public accountant (CPA) to prepare her Year 1 return. A informed the CPA about her relocation from Canada and the existence of Accounts 1 and 2. A provided the CPA with all of the documentation and information he requested in order to prepare her return. The CPA failed to advise A of the need to make an election under Article XVIII(7) of the United States-Canada Income Tax Convention (the "Treaty") to defer U.S. taxation of income accruing in Accounts 1 and 2.

In Year 2, A discussed Accounts 1 and 2 with a different CPA. During this meeting, A became aware of the rules regarding her Canadian retirement accounts and the availability of the procedure in Rev. Proc. 2002-23 for electing to defer U.S. income tax under Article XVIII(7) of the Treaty. The CPA advised A to make a request under Treas. Reg. § 301.9100-3 for an extension of time in which to make the election.

RULING REQUESTED

A requests the consent of the Commissioner of the Internal Revenue Service for an extension of time under Treas. Reg. § 301.9100-3 to make an election pursuant to Rev. Proc. 2002-23 to defer U.S. federal income taxation on income accrued in Account 1 and Account 2.

LAW AND ANALYSIS

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. § 301.9100-1(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. § 301.9100-3(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 election provided in Rev. Proc. 2002-23 is a regulatory election within the meaning of Treas. Reg. § 301.9100-1(b). Therefore, the Commissioner has discretionary authority under Treas. Reg. § 301.9100-1(c) to grant A an extension of time, provided that A satisfies the standards set forth in Treas. Reg. § 301.9100-3(a).

Based solely on the information submitted and representations made, we conclude that A satisfies the standards of Treas. Reg. § 301.9100-3. Accordingly, A is granted an extension of time until 60 days from the date of this ruling letter to make an election for Tax Years under Rev. Proc. 2002-23. As provided in Treas. Reg. § 301.9100-1(a), the granting of an extension of time is not a determination that A is otherwise eligible to make the above-described election.

Pursuant to section 4.07 of Rev. Proc. 2002-23, the election once made cannot be revoked except with the consent of the Commissioner. For Year 1 and each subsequent tax year until the tax year in which a final distribution is made from Account 1 and Account 2, A must file Form 8891 for each Account from which a final distribution has not been made.

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.

A copy of this letter must be attached to A's U.S. income tax return for the year in which A obtained the ruling and should be associated with A's amended returns for Tax Years.

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

Pursuant to a power of attorney on file with this office, a copy of this letter will be sent to your authorized representatives.

Sincerely,

M. Grace Fleeman
Senior Technical Reviewer, Branch 1
Office of Associate Chief Counsel
(International)

Enclosure:
Copy for 6110 purposes

CC: