

Internal Revenue Service

Department of the Treasury
Washington, DC 20224

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Date:
September 26, 2011

X =

Y =

Z =

Country =

#1

Country

#2

D1 =

D2 =

D3 =

D4 =

a =

Dear :

This letter responds to a letter dated June 15, 2011, submitted on behalf of X, requesting a determination that X may file an election to be treated as an association

taxable as a corporation under § 301.7701-3(c)(1)(iv) of the Procedure and Administration Regulations with an effective date within sixty months of a previous entity classification election.

FACTS

X was formed on D1 under the laws of Country #1. X represents that it is a foreign entity eligible to elect to be classified as an association taxable as a corporation for federal tax purposes. X was a wholly-owned subsidiary of Y, a domestic corporation. X elected to be classified as a disregarded entity for federal tax purposes effective D2. As of D3, X underwent an ownership change whereby a% of the ownership interests in X now are owned by persons that did not own any interests in X as of D2. Z intended that X would be treated as an association taxable as a corporation effective D4. Because an entity classification election was made within 60 months prior to D4, X requests the Service's consent under § 301.7701-3(c)(1)(iv) to change its classification.

LAW AND ANALYSIS

Section 301.7701-3(a) provides, in part, that a business entity that is not classified as a corporation under § 301.7701-2(b)(1), (3), (4), (5), (6), (7), or (8) (an eligible entity) can elect its classification for federal tax purposes as provided in § 301.7701-3.

Section 301.7701-3(c)(1)(iii) provides that an election under § 301.7701-3(c)(i) will be effective on the date specified by the entity on Form 8832 or on the date filed if no such date is specified on the election form. The effective date specified on Form 8832 can not be more than 75 days prior to the date on which the election is filed and can not be more than 12 months after the date on which the election is filed. If an election specifies an effective date more than 75 days prior to the date on which the election is filed, it will be effective 75 days prior to the date it was filed.

Section 301.7701-3(c)(1)(iv) provides, in part, that if an eligible entity makes an election under § 301.7701-3(c)(1)(i) to change its classification, the entity cannot change its classification by election again during the sixty months succeeding the effective date of the election. However, the Commissioner may permit the entity to change its classification by election within the sixty months if more than fifty percent of the ownership interests in the entity as of the effective date of the subsequent election are owned by persons that did not own any interests in the entity on the filing date or on the effective date of the entity's prior election.

CONCLUSION

Based solely on the facts submitted and the representations made, we conclude that the requirements of § 301.7701-3(c)(1)(iv) have been satisfied. Accordingly, X may elect to be treated as an association taxable as a corporation for federal tax purposes, effective D4. The election should be made by filing Form 8832 with the appropriate service center. A copy of this letter should be attached to the election.

Except as specifically set forth above, we express no opinion concerning the federal tax consequences of the above described facts under any other provision of the Internal Revenue Code.

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

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

Sincerely,

Richard T. Probst
Senior Technician Reviewer, Branch 3
(Passthroughs & Special Industries)

Enclosures (2):
Copy of this letter
Copy for § 6110 purposes

cc: