

Internal Revenue Service

Department of the Treasury
Washington, DC 20224

Number: **201224010**
Release Date: 6/15/2012

Third Party Communication: None
Date of Communication: Not Applicable
Person To Contact:

Index Number: 9100.31-00

, ID No.
Telephone Number:

Refer Reply To:
CC:PSI:02
PLR-136727-11
Date:
February 28, 2012

LEGEND

X =

Y =

Date 1 =

Country =

Dear :

This letter responds to a letter dated September 1, 2011, and subsequent correspondence, submitted on behalf of X by X's authorized representative, requesting that the Service grant X an extension of time under § 301.9100-1(c) of the Procedure and Administration Regulations to elect to treat Y as a disregarded entity for federal tax purposes.

FACTS

According to the information submitted, X is a domestic corporation. On Date 1, X's wholly owned foreign subsidiary formed Y under the laws of Country as part of a plan to restructure X's foreign operations. X represents that it always intended to elect to treat Y as a disregarded entity effective Date 1; however, X failed to timely file Form 8832, Entity Classification Election to elect to treat Y as a disregarded entity for federal tax purposes effective Date 1.

LAW & 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. An eligible entity with a single owner can elect to be classified as an association or disregarded as an entity separate from its owner.

Section 301.7701-3(b)(2) provides guidance on the classification of a foreign eligible entity for federal tax purposes. Unless the entity elects otherwise, a foreign eligible entity is treated as an association if all members have limited liability. A foreign eligible entity with a single owner having limited liability may elect to be treated as a disregarded entity pursuant to the rules under § 301.7701-3(c).

Section 301.7701-3(c)(1)(iii) provides that an entity classification election must be filed on Form 8832 and can be effective up to 75 days prior to the election filing date or more than 12 months after the election filing date.

Section 301.9100-1(c) provides that 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 Internal Revenue Code except subtitles, E, G, H, and I. Section 301.9100-1(b) defines the term “regulatory election” as including an election whose due date is prescribed by a regulation published in the Federal Register.

Sections 301.9100-1 through 301.9100-3 provide the standards by which the Commissioner will determine whether to grant an extension of time to make an election. Section 301.9100-2 provides the rules governing automatic extensions of time for making certain elections. Section 301.9100-3 describes the conditions under which the Commissioner will grant requests for relief 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 that (1) the taxpayer acted reasonably and in good faith, and (2) granting relief will not prejudice the interests of the government.

CONCLUSION

Based on the facts submitted and the representations made, we conclude that the requirements of §§ 301.9100-1 and 301.9100-3 have been satisfied. As a result, Y is granted an extension of time of 120 days from the date of this letter to file Form 8832 with the appropriate service center to elect to be classified as a disregarded entity for

federal tax purposes effective Date 1. A copy of this letter should be attached to Form 8832 and is enclosed for that purpose.

This ruling is contingent on X filing within 120 days of this letter all required returns and amended income tax returns consistent with the relief granted as effective Date 1. To the extent appropriate these returns must include, but are not limited to, the following forms: (i) Form 5471, Information Return of U.S. Persons With Respect to Certain Foreign Corporations, and (ii) Form 8858, Information Return of U.S. Persons With Respect to Disregarded Entities.

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.

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

The rulings contained in this letter are 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 request for rulings, it is subject to verification on examination.

Sincerely,

Charlotte Chyr
Senior Technician Reviewer
(Passthroughs & Special Industries)

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

cc: