

**Internal Revenue Service**

Department of the Treasury  
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Refer Reply To:  
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PLR-107286-12  
Date:  
July 16, 2012

Legend

X1 =

X2 =

X3 =

Country =

D1 =

D2 =

D3 =

Dear :

This is in response to a letter dated February 14, 2012 submitted on behalf of X1, X2, and X3, requesting an extension of time under § 301.9100-3 of the Procedure and Administration Regulations for X1, X2, and X3 to file entity classification elections.

The information submitted states that X1, X2, and X3 were formed under the laws of Country on D1, D2, and D3, respectively. X1, X2, and X3 represent that they are foreign entities eligible to elect to be treated as partnerships for federal tax purposes, effective D1, D2, and D3. However, X1, X2, and X3 each failed to timely file a valid Form 8832, Entity Classification Election, to elect their respective intended entity classification.

Section 301.7701-3(a) of the Income Tax Regulations provides that an eligible entity with at least two members may elect to be classified as either an association (and thus a corporation under § 301.7701-2(b)(2)) or as a partnership, and an eligible entity with a

single owner can elect to be classified as an association or to be disregarded as an entity separate from its owner.

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

Section 301.7701-3(b)(2)(i) provides that except as provided in § 301.7701-3(b)(3), unless the entity elects otherwise, a foreign eligible entity is (A) a partnership if it has two or more members and at least one member does not have limited liability; (B) an association if all members have limited liability; or (C) disregarded as an entity separate from its owner if it has a single owner that does not have limited liability.

Section 301.7701-3(b)(2)(ii) provides that for purposes of § 301.7701-3(b)(2)(i), a member of a foreign eligible entity has limited liability if the member has no personal liability for the debts of or claims against the entity by reason of being a member.

Section 301.7701-3(c) provides that an entity classification election must be filed on Form 8832 and can be effective up to seventy-five (75) days prior to the date the form is filed or up to twelve (12) months after the date on which the form is filed.

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 6 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 an election whose due date 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 301.9100-1 through 301.9100-3 provide the standards the Commissioner will use to determine whether to grant an extension of time to make the election. Section 301.9100-2 provides the rules governing automatic extensions of time for making certain elections. Section 301.9100-3 provides the standards the Commissioner will use to determine whether to grant an extension of time for regulatory elections that do not meet the requirements of § 301.9100-2. Under § 301.9100-3, a request for relief will be granted when the taxpayer provides evidence to establish to the satisfaction of the Commissioner that (1) the taxpayer acted reasonably and in good faith, and (2) granting relief will not prejudice the interests of the government.

Based solely on the facts submitted and representations made, we conclude that the requirements of § 301.9100-3 have been satisfied. Accordingly, X1, X2, and X3 are granted an extension of 120 days from the date of this letter to elect to be classified as a partnership for federal tax purposes, effective D1, D2, and D3 respectively. The elections should be made by filing Form 8832 with the appropriate service center. A

copy of this letter should be attached to each election. Three copies are enclosed for that purpose.

This ruling is contingent on the owners of X1, X2, and X3 filing all required Federal income tax and information returns (including amended returns) consistent with the requested relief in this letter. The owners' filing obligations may include those required under §§ 6036, 6038B, 6046A, and the regulations thereunder. A copy of this letter should be attached to any such returns

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. In addition, no opinion is expressed or implied regarding the application of § 367 and the regulations thereunder to any transaction. This ruling is directed only to the taxpayer requesting it. Section 6110(k)(3) of the Internal Revenue 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 will be sent to X1, X2, and X3's authorized representative.

Sincerely,

Melissa C. Liquerman  
Branch Chief, Branch 2  
(Passthroughs & Special Industries)

Enclosures (4)

Three copies of this letter  
Copy for § 6110 purposes

cc: