

Internal Revenue Service

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Department of the Treasury

Washington, DC 20224

Third Party Communication: None

Date of Communication: Not Applicable

Person To Contact:

, ID No.

Telephone Number:

Refer Reply To:

CC:CORP:B06

PLR-140945-13

Date:

December 31, 2013

Legend

Taxpayer:

Date 1:

Year 1:

Company Official:

Tax Professionals:

Dear :

This letter ruling responds to a letter from your authorized representatives, dated September 6, 2013, requesting an extension of time under § 301.9100-3 of the Procedure and Administration Regulations to file an election. The extension is being requested for Taxpayer to file an election under § 1.382-6(b) of the Income Tax Regulations (the "Election") to make a closing-of-the-books election with respect to an ownership change, within the meaning of § 382 of the Internal Revenue Code. Additional information was submitted in letters dated December 6, 2013, and December 19, 2013. The material information provided is summarized below.

On Date 1, Taxpayer experienced an ownership change as defined in § 382(g) and, consequently, § 382(a) limited its ability to offset post-change taxable income by pre-change losses. A closing-of-the-books election under § 1.382-6(b) was required to be

filed on or before the due date of Taxpayer's income tax return for the year in which the ownership change occurred but, for various reasons, Taxpayer did not make the Election. Subsequent to Taxpayer filing its return for the Year 1 taxable year, Taxpayer submitted this request, under § 301.9100-3, for an extension of time to file the Election. Taxpayer has filed its income tax return for the year of the ownership change and all subsequent returns on the basis that the Election had been made. Taxpayer has represented that it is not seeking to alter a return position for which an accuracy related penalty has been or could be imposed under § 6662 at the time Taxpayer requested relief.

Section 1.382-6(a) provides that except as provided in § 1.382-6(b) and (d), a loss corporation must allocate its net operating loss or taxable income, and its net capital loss or modified capital gain net income, for the change year between the pre-change period and the post-change period by ratably allocating an equal portion to each day in the year.

Section 1.382-6(b)(1) allows a loss corporation to elect to allocate its net operating loss or taxable income, and its net capital loss or modified capital gain net income, for the change year between the pre-change period and the post-change period as if the loss corporation's books were closed on the change date.

Section 1.382-6(b)(2) provides that a loss corporation makes the closing-of-the-books election by including the following statement on the information statement required by § 1.382-11(a) for the change year: "THE CLOSING-OF-THE-BOOKS ELECTION UNDER § 1.382-6(b) IS HEREBY MADE WITH RESPECT TO THE OWNERSHIP CHANGE OCCURRING ON [INSERT DATE]." The election must be made on or before the due date (including extensions) of the loss corporation's income tax return for the change year.

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. 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., § 1.382-6(b)(2)). Therefore, the Commissioner has discretionary authority under § 301.9100-3

to grant an extension of time for Taxpayer to file the Election, provided that Taxpayer shows that it 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, Tax Professionals, and Company Official explain the circumstances that resulted in the failure to file timely a valid Election. The information establishes that Taxpayer reasonably relied on a qualified tax professional who failed to make, or advise Taxpayer to make, the Election. See § 301.9100-3(b)(1)(i).

Based on the facts and information submitted, including representations made, we conclude that Taxpayer has shown it 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. Accordingly, we grant an extension of time under § 301.9100-3, until sixty days from the date on this letter, for Taxpayer to file the Election.

The above extension of time is conditioned on the Taxpayer's tax liability being not lower, in the aggregate, for all years to which the Election applies, and all subsequent years, 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 the amount of tax liability for the years involved. A determination thereof will be made by the Director's office upon audit of the federal income tax returns involved.

Taxpayer should file the election in accordance with § 1.382-6(b)(2). Taxpayer's return must be amended to attach the election statement required by § 1.382-6(b)(2). A copy of this letter should be attached to the election statement. Alternatively, if Taxpayer files its amended return electronically, Taxpayer may satisfy this latter requirement by attaching to the return a statement that provides the date and control number (PLR-140945-13) of this letter ruling.

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.

For purposes of granting relief under § 301.9100-3, we relied on certain statements and representations made by Taxpayer, Tax Professionals, and Company Official. However, the Director should verify all essential facts. In addition, notwithstanding that an extension is granted under § 301.9100-3 to file the Election, penalties and interest that would otherwise be applicable, if any, continue to apply.

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, copies of this letter are being sent to your authorized representatives.

Sincerely,

Ken Cohen

Ken Cohen

Senior Technician Reviewer, Branch 3

Office of Associate Chief Counsel (Corporate)

cc: