

Internal Revenue Service

Department of the Treasury
Washington, DC 20224

Number: **201523013**
Release Date: 6/5/2015

Third Party Communication: None
Date of Communication: Not Applicable

Index Number: 1361.01-00, 1361.01-02,
9100.00-00

Person To Contact:
, ID No. 1100219157

Telephone Number:

Refer Reply To:
CC:PSI:B01
PLR-139438-14

Date:
February 24, 2015

LEGEND

X =

Y =

Date 1 =

State =

Dear :

This responds to a letter dated October 13, 2014, submitted on behalf of X by X's authorized representative, requesting relief pursuant to § 301.9100-3 of the Procedure and Administration Regulations that X be granted an extension of time to elect to treat Y as a qualified subchapter S subsidiary (QSub) under section § 1361(b)(3) of the Internal Revenue Code (the Code).

FACTS

According to the information submitted and representations within, X was incorporated under the laws of State and elected to be treated as an S corporation effective Date 1. X represents that it owns 100% of Y and intended to elect to treat Y as a QSub effective Date 1. However, due to inadvertence, X failed to timely file a QSub election for Y. X

represents that X has filed tax returns for all tax years consistent with the treatment of Y as a QSub.

LAW AND ANALYSIS

Section 1361(b)(3)(A) generally provides that a QSub shall not be treated as a separate corporation and all assets, liabilities, and items of income, deduction, and credit of a QSub shall be treated as assets, liabilities, and such items (as the case may be) of the S corporation.

Section 1361(b)(3)(B) defines a QSub as a domestic corporation which is not an ineligible corporation, if 100 percent of the stock of the corporation is owned by the S corporation, and the S corporation elects to treat the corporation as a QSub.

Section 1.1361-3(a) of the Income Tax Regulations prescribes the time and manner for making an election to be classified as a QSub. Section 1.1361-3(a)(4) provides that an election may be effective up to two months and 15 days prior to the date the election is filed or not more than 12 months after the election is filed. The proper form for making the election is Form 8869, QSub Election.

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 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.

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.

CONCLUSION

Based solely on the facts submitted and representations made, we conclude that the requirements of § 301.9100-3 have been satisfied. Accordingly, X is granted an extension of time of 120 days from the date of this letter to elect to treat Y as a QSub, effective Date 1. The election should be made by filing Form 8869 with the appropriate

service center, and a copy of this letter should be attached to the election. A copy is enclosed for that purpose.

Except as specifically set forth above, we express or imply no opinion concerning the federal tax consequences of the facts described above under any other provision of the Code. Specifically, we express or imply no opinion concerning whether X is a valid S corporation, or whether Y is eligible to be a QSub.

This ruling is directed only to the taxpayer requesting it. Section 6110(k)(3) 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 mailed to X's authorized representative.

Sincerely,

Curt G. Wilson
Associate Chief Counsel
(Passthroughs & Special Industries)

By: David Haglund
David Haglund, Branch Chief
Branch 1
Office of the Associate Chief Counsel
(Passthroughs & Special Industries)

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