

## 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:PSI:B3

PLR-102120-15

Date:

July 21, 2015

### LEGEND

X =

P =

Q =

R =

I =

State =

Date 1 =

Date 2 =

Date 3 =

Date 4 =

Date 5 =

Date 6 =

Date 7 =

Date 8 =

Date 9 =

Date 10 =

Date 11 =

Date 12 =

Dear :

This letter responds to a letter dated December 16, 2014, submitted on behalf of X, requesting an extension of time under § 301.9100-3 of the Procedure and Administration Regulations for X to elect to treat P, Q, R, and I as qualified subchapter S subsidiaries ("QSubs") for federal tax purposes.

#### FACTS

The information submitted states that X was formed as a limited liability company (LLC) on Date 1 and its S Corporation election was accepted as effective on Date 2. P was incorporated on Date 1 and elected to be taxed as an S Corporation on Date 3. X owned all of P beginning on Date 1. Q incorporated on Date 4 and elected to be taxed as an S Corporation effective Date 6. X owned all of Q beginning on Date 5. R incorporated on Date 7. X owned all of R beginning on Date 8. I was formed as an LLC on Date 9 and its S Corporation election was accepted as effective Date 10. X owned all of I beginning on Date 9 and ending Date 11. All entities incorporated under the laws of State.

X requests a QSub election for P as of Date 3, for Q as of Date 6, for R as of Date 12 and for I as of Date 10.

X represents that neither X nor its shareholders were aware of the requirement to make QSub elections to obtain the desired tax treatment for the subsidiaries. X further represents that the shareholder of X reported consistently with the treatment of P, Q, R, and I as QSubs.

#### LAW

Section 1361(b)(3)(A) 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 held by an S corporation, and the S corporation elects to treat the corporation as a QSub.

Section 1.1361-3(a) of the Income Tax Regulations provides the time and manner for making a QSub election. A taxpayer makes a QSub election with respect to a subsidiary by filing Form 8869, Qualified Subchapter S Subsidiary Election, with the appropriate service center 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.

Section 301.9100-1(c) provides that the Commissioner in exercising the Commissioner's discretion may grant a reasonable extension of time under the rules set forth in §§ 301.9100-2 and 301.9100-3 to make a regulatory election, or a statutory election (but not 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) provides that the term "regulatory election" includes an election whose due date is prescribed by a regulation published in the Federal Register.

Section 301.9100-2 provides the standards the Commissioner will use to determine whether to grant an automatic extension of time for making certain elections.

Section 301.9100-3 provides the guidelines for granting extensions of time for making elections that do not meet the requirements of § 301.9100-2. Section 301.9100-3(a) provides that requests for relief subject to § 301.9100-3 will be granted when the taxpayer provides the evidence (including affidavits described in § 301.9100-3(e)) to establish to the satisfaction of the Commissioner that the taxpayer acted reasonably and in good faith, and the grant of relief will not prejudice the interests of the Government.

## CONCLUSION

Based solely on the facts submitted and representations made, we conclude that X has satisfied the requirements of § 301.9100-3. Accordingly, X is granted an extension of time of 120 days from the date of this letter to elect to treat P as a QSub effective Date 3; Q as a QSub as of Date 6; R as a QSub as of Date 12; and T as a QSub as of Date 10. The election should be made for each subsidiary by filing Form 8869 with the appropriate service center. A copy of this letter should be attached to the elections and is enclosed for that purpose. 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.

Except as expressly provided herein, no opinion is expressed or implied concerning the federal income tax consequences of any aspect of any transaction or item discussed or referenced in this letter under any other provision of the Code. Specifically, we express no opinion regarding whether X qualifies as an S corporation under § 1361, or whether any of the subsidiaries otherwise meet the definition of a QSub under § 1361(b)(3)(B).

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

The ruling contained in this letter is 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 ruling request, it is subject to verification on examination.

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

Sincerely,

Associate Chief Counsel  
(Passthroughs & Special Industries)

By: \_\_\_\_\_  
Richard Probst  
Senior Technician Reviewer, Branch 3  
Office of Associate Chief Counsel  
(Passthroughs & Special Industries)

Enclosures (2)  
Copy of this letter  
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cc: