

## Internal Revenue Service

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Department of the Treasury  
Washington, DC 20224

Third Party Communication: None  
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Person To Contact:  
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CC:PSI:B01  
PLR-109101-17  
PLR-112201-17  
PLR-112202-17  
PLR-112203-17  
PLR-112204-17  
PLR-112205-17  
PLR-112206-17  
PLR-112207-17  
PLR-112208-17

Date:  
May 30, 2017

### LEGEND

A =

B =

C =

D =

E =

F =

G =

H =

I =

X =

Y =

Trust 1 =

Trust 2 =

State 1 =

State 2 =

Date =

Year =

Dear :

This letter responds to a letter dated February 28, 2017, and subsequent correspondence, submitted on behalf of A, B, C, D, E, F, G, H, and I requesting an extension of time under § 301.9100-3 of the Procedure and Administration Regulations for A, B, C, D, E, F, G, H, and I to make elections under § 754 of the Internal Revenue Code ("Code").

### FACTS

The information submitted states that A, B, C, D, E, H, and I are State 1 limited liability companies, E is a State 1 limited partnership, G is a State 2 limited liability company, and all these entities are treated as partnerships for federal income tax purposes. X and Y owned interests in A, B, C, D, E, F, G, H, and I through Trust 1, a revocable grantor trust, and Trust 2, an irrevocable trust. On Date, Y died. A, B, C, D, E, F, G, H,

and I each inadvertently failed to make an election under § 754 for the year of Y's death (Year).

### LAW AND ANALYSIS

Section 743(b) provides, in pertinent part, that, in the case of a transfer of an interest in a partnership by sale or exchange or upon the death of a partner, a partnership, with respect to which an election provided in § 754 is in effect, will increase the adjusted basis of the partnership property by the excess of the basis to the transferee partner of his interest in the partnership over his proportionate share of the adjusted basis of the partnership property, or decrease the adjusted basis of the partnership property by the excess of the transferee partner's proportionate share of the adjusted basis of the partnership property over the basis of his interest in the partnership. Section 743(b) further provides that such increase or decrease shall constitute an adjustment to the basis of partnership property with respect to the transferee partner only.

Section 743(c) provides that the allocation of basis among partnership properties where § 743(b) is applicable shall be made in accordance with the rules provided in § 755.

Section 754 provides that if a partnership files an election, in accordance with regulations prescribed by the Secretary, the basis of partnership property shall be adjusted, in the case of a distribution of property, in the manner provided in § 734 and, in the case of a transfer of a partnership interest, in the manner provided in § 743. Such an election shall apply with respect to all distributions of property by the partnership and to all transfers of interests in the partnership during the taxable year with respect to which such election was filed and all subsequent taxable years.

Section 1.754-1(b) of the Income Tax Regulations provides that an election under § 754 to adjust the basis of partnership property under §§ 734(b) and 743(b), with respect to a distribution of property to a partner or a transfer of an interest in a partnership, shall be made in a written statement filed with the partnership return for the taxable year during which the distribution or transfer occurs. For the election to be valid, the return must be filed not later than the time prescribed by § 1.6031-1(e) (including extensions thereof) for filing the return for such taxable year.

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) provides that the term "regulatory election" includes 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 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 the evidence (including affidavits described in § 301.9100-3(e)) to establish to the satisfaction of the Commissioner that (1) the taxpayer acted reasonably and in good faith, and (2) the granting of relief will not prejudice the interests of the Government.

### CONCLUSION

Based solely on the information submitted and the representations made, we conclude that the requirements of §§ 301.9100-1 and 301.9100-3 have been satisfied. As a result, A, B, C, D, E, F, G, H, and I are each granted an extension of time of 120 days from the date of this letter to make an election under § 754, effective for A's, B's, C's, D's, E's, F's, G's, H's, and I's Year taxable year and thereafter. The elections should be made in written statements filed with the appropriate service center for association with the tax returns of A, B, C, D, E, F, G, H, and I for Year. A copy of this letter should be attached to each election.

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 and the regulations thereunder.

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.

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 the power of attorney on file with this office, we are sending a copy of this letter to the authorized representatives of A, B, C, D, E, F, G, H, and I.

Sincerely,

John P. Moriarty  
Acting Associate Chief Counsel  
(Passthroughs & Special Industries)

*David R. Haglund*

By:

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

Enclosures (2)

Copy of this letter

Copy for § 6110 purposes