

Internal Revenue Service

Department of the Treasury
Washington, DC 20224

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Person To Contact:
, ID No.

Telephone Number:

Refer Reply To:
CC:PSI:1
PLR-103035-17

Date:
July 20, 2017

Legend

X =

State =

Date1 =

Date2 =

Date3 =

Date4 =

Dear :

This responds to the letter dated January 24, 2017, and subsequent correspondence, submitted on behalf of X, requesting a ruling that X's election to be classified as an association taxable as a corporation was an initial classification election, and not a change in classification, for purposes of § 301.7701-3(c)(1)(iv) of the Procedure and Administration Regulations.

FACTS

The information submitted states that X was formed as a limited liability company under the laws of State on Date1. Prior to Date3, X had no assets, income, deductions, liabilities, business operations, and was dormant. On Date3, X received its initial funding and began its business operations. X elected to be classified as an association taxable as a corporation, by filing a Form 8832, Entity Classification Election, effective Date2, a

date between Date1 and Date3. X filed its initial Form 1120-REIT, U.S. Income Tax Return for Real Estate Investment Trusts, for the tax year that began Date3 and ended Date4.

LAW AND ANALYSIS

Section 301.7701-3(a) provides that a business entity that is not classified as a corporation under § 301.7701-2(b)(1), (3), (4), (5), (6), (7), or (8) (an eligible entity) can elect its classification for federal tax purposes. Elections are necessary only when an eligible entity does not want to be classified under the default classification or when an eligible entity chooses to change its classification.

Section 301.7701-3(c)(1)(i) provides that, subject to the limitation of § 301.7701-3(c)(1)(iv), an eligible entity may elect to be classified other than its default classification, or to change its classification, by filing Form 8832, with the service center designated on Form 8832.

Section 301.7701-3(c)(1)(iv) provides that, if an eligible entity makes an election under § 301.7701-3(c)(1)(i) to change its classification (other than an election made by an existing entity to change its classification as of the effective date of this section), the entity cannot change its classification by election again during the sixty months succeeding the effective date of the election. However, the Commissioner may permit the entity to change its classification by election within the sixty months if more than fifty percent of the ownership interests in the entity as of the effective date of the subsequent election are owned by persons that did not own any interests in the entity on the filing date or on the effective date of the entity's prior election. An election by a newly formed eligible entity that is effective on the date of formation is not considered a change for purposes of § 301.7701-3(c)(1)(iv).

CONCLUSION

Based solely upon the facts submitted and the representations made, we conclude that X's corporate classification election was an initial classification election effective Date3 for purposes of § 301.7701-3(c)(1)(iv).

Except as specifically set forth above, no opinion is expressed or implied concerning the federal tax consequences of the above-described facts under any other provision of the Code. No opinion is expressed or implied with regard to whether X otherwise qualifies as a REIT under subchapter M, part II of Chapter 1 of the Code. Furthermore, this letter does not provide any rulings under §§ 856 or 857.

This ruling is directed only to the taxpayer who requested 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, a copy of this letter ruling will be sent to X's authorized representatives.

Sincerely,

Laura C. Fields

Laura C. Fields
Senior Technician Reviewer
Office of the Associate Chief Counsel
(Passthroughs & Special Industries)

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