

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:1
PLR-128503-20

Date:
May 26, 2021

Legend

Purchaser =

Target =

Target
Affiliates =

Date 1 =

Company =
Official

Tax =
Professional

Dear :

This letter responds to a letter submitted December 16, 2020, on behalf of Purchaser, a U.S. corporation, requesting an extension of time under §301.9100-3 of the Procedure and Administration Regulations to file elections. Purchaser is requesting an extension of time to file “section 338 elections” under section 338(g) with respect to Purchaser's acquisition of the stock of Target and the deemed acquisitions of the stock of Target Affiliates (sometimes hereinafter referred to as the “Elections”) on Date 1. The material information submitted for consideration is summarized below.

Purchaser is a domestic corporation. Target and Target Affiliates were foreign corporations or entities treated as corporations for federal income tax purposes as of Date 1. Target and the Target Affiliates were members of the same affiliated group within the meaning of section 1504(a), determined without regard to the exceptions contained in section 1504(b). Purchaser represented that neither Target nor any of Target Affiliates was a controlled foreign corporation, passive foreign investment company, or foreign personal holding company at any time during the portion of their respective taxable years that ended on the acquisition date (as defined in section 338(h)(2)).

On Date 1, Purchaser acquired all the stock of Target. Purchaser represented that the acquisition of Target constituted a “qualified stock purchase” within the meaning of section 338(d)(3). Purchaser intended to file the Elections, but for various reasons, valid Elections may not have been filed. After the due date for the Elections, it was discovered that the Elections may not have been filed. Subsequently, this request was submitted, under §301.9100-3, for an extension of time to file the Elections.

Purchaser represented that it is not seeking to alter a return position for which an accuracy-related penalty has been or could be imposed under section 6662 at the time Purchaser requested relief. Purchaser also represented that no person has filed a United States tax return treating the transaction or transactions constituting the qualified stock purchase in a manner that is inconsistent with the tax consequences that would have resulted if valid Elections had been timely made.

Section 338(a) permits certain stock purchases to be treated as asset acquisitions if: (1) the purchasing corporation makes or is treated as having made a “section 338 election”; and (2) the acquisition is a “qualified stock purchase.”

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. See §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.

Information, affidavits, and representations submitted by Purchaser, Company Official, and Tax Professional explain the circumstances that resulted in the possible failure to timely file valid Elections. The information establishes that the request for relief was filed before the possible failure to make the Elections was discovered by the Internal Revenue Service. See §301.9100-3(b)(1)(i).

Based on the facts and information submitted, including the representations made, we conclude that Purchaser 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, an extension of time is granted under §301.9100-3, until 75 days from the date on this letter, for Purchaser to file the Elections with respect to the acquisition of the stock of Target and the deemed acquisitions of the stock of the Target Affiliates.

WITHIN 75 DAYS OF THE DATE ON THIS LETTER, Purchaser must file the Elections on Form 8023, in accordance with §1.338-2(d) and the instructions to the Form. A copy of this letter must be attached to Form 8023.

WITHIN 150 DAYS OF THE DATE ON THIS LETTER, all relevant parties must file or amend, as applicable, all returns and amended returns (if any) necessary to report the transactions as section 338 transactions for the taxable year in which the transactions were consummated (and for any other affected taxable year). A copy of this letter and a copy of Form 8883 must be attached to any tax return to which it is relevant. Alternatively, taxpayers filing their returns electronically may satisfy the requirements of attaching a copy of this letter by attaching a statement to their return that provides the date on, and control number (PLR-128503-20) of, the letter ruling.

The above extension of time is conditioned on the relevant taxpayers' tax liability (if any) being not lower, in the aggregate, for all years to which the Elections apply, than it would have been if the Elections had been timely made (taking into account the time value of money). We express no opinion as to the taxpayers' tax liability for the years involved. A determination thereof will be made by the applicable Director's office upon audit of the federal income tax returns involved.

We express no opinion as to: (1) whether the acquisition of the stock of Target and the deemed acquisitions of the stock of Target Affiliates qualifies as a "qualified stock purchase" under section 338(d)(3); or (2) any other tax consequences arising from the Elections.

In addition, we express no opinion as to the tax consequences of filing the Elections late under the provisions of any other section of the Code and regulations, or as to the tax treatment of any conditions existing at the time of, or resulting from, filing the Elections late that are not specifically set forth in the above ruling. For purposes of granting relief under §301.9100-3, we relied on certain statements and representations made by Purchaser, Company Official, and Tax Professional. However, the Director should verify all essential facts. In addition, notwithstanding that an extension is granted under §301.9100-3 to file the Elections, 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, a copy of this letter is being sent to your authorized representatives.

Sincerely,

Thomas I. Russell
Chief, Branch 1
Office of Associate Chief Counsel (Corporate)

cc: