

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:B03
PLR-114878-23

Date:
January 26, 2024

Legend

Company =

Country =

Date =

X =

Dear :

This letter responds to a letter dated July 26, 2023, and subsequent correspondence, submitted on behalf of Company by its authorized representatives, requesting an extension of time under § 301.9100-3 of the Procedure and Administration Regulations for Company to file an election under § 301.7701-3 to be treated as foreign disregarded entity for federal tax purposes.

FACTS

The information submitted states that Company was formed under the laws of Country on Date. It is represented that since Date, Company has been owned solely by X for federal tax purposes. Company represents that as of Date, it was a foreign entity eligible to elect to be treated as a foreign disregarded entity for federal tax purposes. Company further represents that it intended to be treated as a foreign disregarded entity

for federal tax purposes effective on Date. However, Company failed to timely file Form 8832, Entity Classification Election, electing to be treated as a foreign disregarded entity for federal tax purposes effective Date.

Company represents that it acted reasonably and in good faith. Further, Company represents that granting relief will not prejudice the interests of the government.

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 as provided in § 301.7701-3.

Section 301.7701-3(b)(2)(i) provides that, except as provided in § 301.7701-3(b)(3), unless the entity elects otherwise, a foreign eligible entity is – (A) a partnership if it has two or more members and at least one member does not have limited liability; (B) an association if all members have limited liability; or (C) disregarded as an entity separate from its owner if it has a single owner that does not have limited liability. Section 301.7701-3(b)(2)(ii) provides, in part, that for purposes of § 301.7701-3(b)(2)(i), a member of a foreign eligible entity has limited liability if the member has no personal liability for the debts of or claims against the entity by reason of being a member.

Section 301.7701-3(c)(1)(i) provides, in part, that an eligible entity may elect to be classified other than as provided under § 301.7701-3(b), or to change its classification, by filing Form 8832 with the service center designated on Form 8832.

Section 301.7701-3(c)(1)(iii) provides that an election made under § 301.7701-3(c)(1)(i) will be effective on the date specified by the entity on Form 8832 or on the date filed if no such date is specified on the election form. The effective date specified on Form 8832 cannot be more than 75 days prior to the date on which the election is filed and cannot be more than 12 months after the date on which the election is filed.

Section 301.9100-1(c) provides that the Commissioner has discretion to grant a reasonable extension of time to make a regulatory election under all subtitles of the Internal Revenue 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 that the Commissioner will use to determine whether to grant an extension of time to make an election. Section 301.9100-2 provides automatic extensions of time for making certain elections. Section 301.9100-3 provides extensions of time for making elections that do not meet the requirements of § 301.9100-2.

Under § 301.9100-3, requests for relief will be granted when the taxpayer provides 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 relief will not prejudice the interests of the Government.

CONCLUSION

Based solely on the facts submitted and the representations made, we conclude that Company has satisfied the requirements of §§ 301.9100-1 and 301.9100-3. As a result, Company is granted an extension of time of one hundred twenty (120) days from the date of this letter to file Form 8832 with the appropriate service center to elect to be disregarded as an entity separate from its owner for federal tax purposes effective Date. A copy of this letter should be attached to the Form 8832.

This ruling is contingent on Company, within 120 days from the date of this letter, filing all outstanding required federal income tax returns and information returns (including amended returns) for all open years consistent with the requested relief. A copy of this letter should be attached to any such returns.

If applicable, Company's election to be classified as a disregarded entity effective Date is disregarded for purposes of determining the amounts of all § 965 elements of all United States shareholders of Company if the election otherwise would change the amount of any § 965 element of any such United States shareholder. See § 1.965-4(c)(2) of the Income Tax Regulations.

Except as specifically set forth above, we express or imply no opinion concerning the federal tax consequences of the facts of this case under any other provision of the Code and the regulations thereunder. In addition, § 301.9100-1(a) provides that the granting of an extension of time for making an election is not a determination that the taxpayer is otherwise eligible to make the election.

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.

Pursuant to a power of attorney on file with this office, we are sending a copy of this letter to Company's authorized representatives.

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 request for a ruling, it is subject to verification on examination.

Sincerely,

Robert D. Alinsky
Branch Chief, Branch 3
Office of Associate Chief Counsel
(Passthroughs & Special Industries)

Enclosure

Copy of this letter for § 6110(k)(3) purposes

cc: