

Internal Revenue Service

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PLR-108972-24
PLR-108973-24
PLR-108974-24
PLR-108975-24
PLR-108976-24
PLR-108977-24

Date:
October 30, 2024

LEGEND

X =

Y =

Entity 1 =

Entity 2 =

Entity 3 =

Entity 4 =

Entity 5 =

Entity 6 =

Country =

Date 1 =

Date 2 =

Date 3 =

Date 4 =

Date 5 =

Date 6 =

Date 7 =

Dear :

This responds to a letter dated May 6, 2024, submitted on behalf of Entity 1, Entity 2, Entity 3, Entity 4, Entity 5, and Entity 6 (collectively, “the Entities”), by the authorized representatives of the Entities, requesting an extension of time under § 301.9100-3 of the Procedure and Administration Regulations to file entity classification elections under § 301.7701-3.

FACTS

According to the information submitted, X, a partnership, owns an interest in Y, a foreign corporation, that owns interests in the Entities. Entity 1, Entity 2, Entity 3, Entity 4, Entity 5, and Entity 6 were formed under the laws of Country on Date 1, Date 2, Date 3, Date 4, Date 5, and Date 6, respectively. Entity 1, Entity 2, Entity 3, and Entity 4 represent that they are foreign entities eligible to elect to be classified as partnerships for federal tax purposes effective Date 7. Entity 5 and Entity 6 represent that they are foreign entities eligible to be classified as disregarded entities for federal tax purposes effective Date 7. However, the Entities failed to timely file Forms 8832, Entity Classification Election, electing to classify the Entities as partnerships or disregarded entities, as applicable, effective Date 7.

LAW AND ANALYSIS

Section 301.7701-3(a) provides, in part, 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. An eligible entity with at least two members can elect to be classified as either an association (and thus a corporation under § 301.7701-2(b)(2)) or a partnership, and an eligible entity with a single owner can elect to be classified as an association or to be disregarded as an entity separate from its owner.

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. If an election specifies an effective date more than 75 days prior to the date on which the election is filed, it will be effective 75 days prior to the date it was 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 Internal Revenue Code (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.

PLR-108972-24; PLR-108973-24; PLR-108974-24; PLR-108975-24; PLR-108976-24; and PLR-108977-24

4

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 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 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 the representations made, we conclude that the requirements of §§ 301.9100-1 and 301.9100-3 have been satisfied. As a result, we grant Entity 1, Entity 2, Entity 3, and Entity 4 an extension of time of 120 days from the date of this letter to make an election to be treated as partnerships for federal tax purposes effective Date 7. Furthermore, we grant Entity 5 and Entity 6 an extension of time of 120 days from the date of this letter to make an election to be treated as disregarded entities for federal tax purposes effective Date 7. The Entities must make the elections by each filing a properly executed Form 8832 with the appropriate service center. A copy of this letter should be attached to each of the Forms 8832.

This ruling is contingent on each of the Entities and its owner(s) filing, within 120 days of the date of this letter, to the extent necessary or appropriate, all required federal income tax returns and information returns (including amended returns) consistent with the requested relief granted in this letter. These returns may include, but are not limited to, the following forms: (i) Form 5471, Information Return of U.S. Persons With Respect to Certain Foreign Corporations, (ii) Form 8865, Return of U.S. Persons With Respect to Certain Foreign Partnerships, and (iii) Form 8858, Information Return of U.S. Persons With Respect to Foreign Disregarded Entities, such that these forms reflect the consequences of the relief granted in this letter. A copy of this letter should be attached to any such returns.

If applicable, the elections made by each entity described above are disregarded for purposes of determining the amounts of all § 965 elements of all United States shareholders of each entity described above if the election otherwise would change the amount of any § 965 element of any such United States shareholder. See § 1.965-4(c)(2).

PLR-108972-24; PLR-108973-24; PLR-108974-24; PLR-108975-24; PLR-108976-24;
and PLR-108977-24

5

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 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.

In addition, we express no opinion concerning the assessment of any interest, additions to tax, additional amounts, or penalties for failure to file a timely income tax or information return with respect to any taxable year that may be affected by this ruling. For example, we express no opinion as to whether a taxpayer is entitled to relief from any penalty on the basis that the taxpayer had reasonable cause for failure to file timely any income tax or information returns.

The ruling contained in this letter is based on 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.

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

In accordance with a power of attorney on file with this office, we are sending a copy of this letter ruling to the Entities' authorized representatives.

Sincerely,

Holly Porter
Associate Chief Counsel
(Passthroughs & Special Industries)

By: _____
Caroline E. Hay
Senior Technician Reviewer, Branch 1
Office of Associate Chief Counsel
(Passthroughs & Special Industries)

Enclosure

Copy of letter for § 6110 purposes

PLR-108972-24; PLR-108973-24; PLR-108974-24; PLR-108975-24; PLR-108976-24;
and PLR-108977-24

6

cc: