

**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:CORP:B2  
PLR-116209-25

Date:  
December 08, 2025

**LEGEND**

- Parent =
  
- State A =
- State B =
- Date 1 =
- Date 2 =
- Date 3 =
- Date 4 =
- Date 5 =
- Partnership A =
- Company A =
- Year 1 =
- Company Official =
- Tax Professional =

Dear :

This letter responds to a letter dated August 30, 2025, submitted on behalf of Parent, requesting an extension of time under Treas. Reg. § 301.9100-3 to make an election pursuant to Treas. Reg. § 1.1502-75(a) to file a consolidated federal income tax return,

with Parent as the common parent, for the taxable year ending Date 1 (the “Consolidated Return Election”).

### **FACTS**

Parent is a State A limited liability company classified as a corporation for U.S. federal income tax purposes and was formed on Date 2, by private equity funds managed by Partnership A to acquire the stock of Company A. Effective Date 3, Parent made an election to be classified as a corporation for U.S. federal income tax purposes pursuant to Treas. Reg. § 301.7701-3. Parent has a taxable year ending on Date 4 and uses the accrual method of accounting for maintaining its books and records for both accounting and U.S. federal income tax purposes.

Company A is a State B corporation with a single class of common stock outstanding. Prior to Date 5, Company A was the common parent of an affiliated group of corporations, as defined in section 1504 of the Internal Revenue Code of 1986, as amended (the “Code”), that filed a consolidated U.S. federal income tax return in accordance with section 1502 (the “Company A Consolidated Group”). The Company A Consolidated Group filed its U.S. federal income tax return on a calendar year basis, and all members of the group used the accrual method of accounting for maintaining their books and records for both accounting and U.S. federal income tax purposes.

On Date 5, a subsidiary of Parent acquired Company A (the “Company A Acquisition”) in a multi-step transaction that did not qualify under any exception provided in Treas. Reg. § 1.1502-75(d). As a result, a previously unrelated includible corporation became the owner of 100 percent of the total voting power and total value of Company A’s stock, and Company A was no longer the common parent of its consolidated group. Parent became the common parent of the affiliated group of corporations (the “Parent Group”) that included all the members of the Company A Consolidated Group.

For various reasons, Parent failed to make a timely valid election under section 1502 to file a consolidated U.S. federal income tax return. Company A continued to file as the common parent of the Company A Consolidated Group for the full tax year ending Date 1, notwithstanding that on Date 5 members of the Company A Consolidated Group became members of the affiliated group of corporations of which Parent is the common parent. For the tax year, Year 1, Parent filed a stand-alone separate U.S. federal income tax return. Subsequently, Parent submitted this request under Treas. Reg. § 301.9100-3 for an extension of time to file a consolidated federal income tax return for Year 1.

The period of limitations on assessment under section 6501(a) has not expired for the taxable year ending on Date 1 or any subsequent taxable year.

## REPRESENTATIONS

Parent has made the following representations regarding the Company A Acquisition:

1. Parent is requesting relief under Treas. Reg. § 301.9100-3 to file the Consolidated Return Election before the failure to make such election was discovered by the Service.
2. Parent is not seeking to alter a return position taken for which an accuracy-related penalty has been or could be imposed under section 6662 (taking into account any qualified amended return within the meaning of Treas. Reg. § 1.6664-2(c)(3)).
3. The granting of relief to file the Consolidated Return Election would not result in Parent having a lower tax liability in the aggregate for all taxable years affected by the election than Parent would have had if the Consolidated Return Election had been timely made (taking into account time value of money considerations).

## APPLICABLE LAW

Treas. Reg. § 1.1502-75(a)(1) provides, in part, that an affiliated group of corporations which did not file a consolidated return for the immediately preceding taxable year may file a consolidated return in lieu of separate returns for the taxable year, provided that each corporation which has been a member during any part of the taxable year for which the consolidated return is to be filed consents, in the manner provided in Treas. Reg. § 1.1502-75(b), to the regulations under section 1502. A group exercising its privilege of filing a consolidated return must file the consolidated return not later than the last day prescribed by law (including extensions of time) for filing the common parent's return.

Treas. Reg. § 1.1502-75(b)(1) explains that the consent of a corporation referred to in Treas. Reg. § 1.1502-75(a)(1) is made by such corporation joining in the making of the consolidated return for such year. A corporation shall be deemed to have joined in the making of such return for such year if it files a Form 1122, *Authorization and Consent of Subsidiary Corporation to be Included in a Consolidated Income Tax Return*, in the manner specified in Treas. Reg. § 1.1502-75(h)(2).

Treas. Reg. § 1.1502-75(h) provides the method for filing a consolidated return. Treas. Reg. § 1.1502-75(h)(1) provides that the consolidated return shall be made on Form 1120, *U.S. Corporation Income Tax Return*, for the group by the common parent corporation with Form 851, *Affiliations Schedule*, attached, where the common parent would have filed a separate return. Treas. Reg. § 1.1502-75(h)(2) provides that if, under Treas. Reg. § 1.1502-75(a)(1), a group wishes to file a consolidated return for a taxable year, then a Form 1122 must be executed by each subsidiary.

Treas. Reg. §§ 301.9100-1 through 301.9100-3 set forth the standards the Commissioner will use in determining whether to grant an extension of time to make an election. The Commissioner has the discretion under Treas. Reg. § 301-9100-3 to grant an extension of time to make a regulatory election provided the taxpayer shows that it acted reasonably and in good faith, and that granting relief will not prejudice the interests of the government. Specifically, Treas. Reg. § 301.9100-3(b)(1) provides that, a taxpayer is deemed to have acted reasonably and in good faith if the taxpayer requests relief under this section before the failure to make the regulatory election is discovered by the Internal Revenue Service (the “IRS”).

### ANALYSIS

In this case, the time for filing an election to file a consolidated return is fixed by the regulations (*i.e.*, Treas. Reg. § 1.1502-75(a)(1)). Therefore, the Commissioner has discretionary authority under Treas. Reg. § 301.9100-3 to grant an extension of time for Parent to file an election to file a consolidated return, provided Parent shows it acted reasonably and in good faith, the requirements of Treas. Reg. §§ 301.9100-1 and 301.9100-3 are satisfied, and granting relief will not prejudice the interests of the government. Section 301.9100-3(a).

Information, affidavits, and representations submitted by Parent, Company Official, and Tax Professional explain the circumstances that resulted in the failure to timely file the election under section 1502. The information establishes that Parent’s request for relief was filed before the failure to make an election under section 1502 was discovered by the IRS. See Treas. Reg. § 301.9100-3(b)(1)(i).

### RULING

Based solely on the facts, we conclude that Parent has shown it acted reasonably and in good faith, the requirements of Treas. Reg. §§ 301.9100-1 and 301.9100-3 are satisfied, and granting relief will not prejudice the interests of the government. Accordingly, provided Parent Group substantively qualifies to file a consolidated return for the applicable tax year, Parent is granted an extension of time under Treas. Reg. § 301.9100-3, **until 75 days from the date of this letter**, to make an election pursuant to Treas. Reg. § 1.1502-75(a) by filing a consolidated return with Parent as the common parent and attaching Form 1122 for each of its includible subsidiaries for the taxable year ending Date 1.

### PROCEDURAL STATEMENTS

A copy of this letter must be attached to the U.S. federal income tax return to which it is relevant. Alternatively, if Parent files its return electronically, this requirement may be satisfied by attaching a statement to its return that provides the date and control number (PLR-116209-25) of this letter ruling.

The above extension of time is conditioned on Parent's tax liabilities (if any) being not lower, in the aggregate, for all years to which the election applies than such liabilities would have been if the election had been timely filed (taking into account the time value of money). No opinion is expressed as to Parent's tax liability for the years involved. A determination thereof will be made by the applicable Director's office upon audit of the U.S. federal income tax returns involved.

We express no opinion as to whether Parent Group qualifies substantively to file a consolidated return. In addition, we express no opinion as to the tax consequences of filing the return or making the section 1502 election 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 election late that are not specifically set forth in the above ruling.

The ruling contained in this letter is based upon information and representations submitted by the taxpayer and accompanied by a penalties of perjury statement executed by an appropriate party. This office has not verified any of the material submitted in support of the taxpayer's ruling request. Verification of this material may be required as part of the audit process.

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,

Gerald B. Fleming  
Senior Technician Reviewer, Branch 2  
Office of Associate Chief Counsel (Corporate)

cc: