

**Internal Revenue Service**

Department of the Treasury  
Washington, DC 20224

Number: **202623007**  
Release Date: 6/5/2026

Third Party Communication: None  
Date of Communication: Not Applicable

Index Number: 9100.00-00, 9100.22-00,  
1400Z.02-00

Person To Contact:  
, ID No.

Telephone Number:

Refer Reply To:  
CC:CORP:BO2  
PLR-116509-25

Date:  
March 12, 2026

Legend

Parent =

Sub1 =

LLC1 =

LLC2 =

LLC3 =

Year1 =

Year2 =

Year3 =

Year4 =

QOF1 =

QOF2 =

QOF3 =

QOF4 =

QOF5 =

QOF6 =

QOF7 =

QOF8 =

QOF9 =

QOF10 =

QOF11 =

QOF12 =

QOF13 =

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Company Official A =

Company Official B =

Tax Professional =

Dear :

This letter responds to a letter dated August 12, 2025, submitted on behalf of Parent, the common parent of a consolidated group (the "Parent Consolidated Group"), requesting an extension of time under §§ 301.9100-1 and 301.9100-3 of the Procedure and Administration Regulations to make elections under Treas. Reg. §§ 1.1502-14Z(c)(2) and (h)(2) to treat certain investments in qualified opportunity funds ("QOFs") made by members of the Parent Consolidated Group as having been made by other members of the group. Specifically, Parent is requesting an extension of time to file the election statement described in Treas. Reg. § 1.1502-14Z(h)(2) ("Election Statement"), with respect to each of the investments in QOFs identified below. The material information submitted is summarized below.

During Year1, Year2, Year3, and Year4, members (each, "M1") of the Parent Consolidated Group realized gain, and other members of the group (each, "M2") invested in a QOF. The taxpayer represents that:

- (i) Each gain realized by M1 is a gain that is eligible for deferral under section 1400Z-2;
- (ii) Each M2 invested the corresponding M1 eligible gain amount within 180 days from when M1 realized the eligible gain;
- (iii) Each eligible gain was reported via Form 8949 and identified using code "Z";
- (iv) The funded QOFs made timely certifications via Form 8996; and
- (v) The Parent Consolidated Group included its interest in the funded QOFs in its Form 8997 reporting.

Parent Consolidated Group intended to make the election under Treas. Reg. § 1.1502-14Z(c)(2) to treat each investment by M2 as a qualifying investment by M1. However, for various reasons, the Election Statements were not timely filed. Consequently, Parent submitted a request under Treas. Reg. §§ 301.9100-1 and 301.9100-3 for an extension of time to file the Election Statements. Parent represents that the Parent Consolidated Group is not seeking to alter a return position for which an accuracy-related penalty has been or could be imposed under section 6662.

The details of the investments at issue are summarized in the table below (“QOF Investments”). Each of the QOFs is a partnership, and all other entities are members of the Parent Consolidated Group.

	Tax Year	Investing Member (“M2”)	Member with Gain (“M1”)	QOF	Date of Gain Realized	Investment Date	Investment Amount
1	Year1	Sub1	LLC1	QOF1	Date1	Date2	<u>a</u>
2	Year2	Sub1	LLC1	QOF2	Date3	Date4	<u>b</u>
3	Year2	Sub1	LLC2	QOF3	Date5	Date6	<u>c</u>
4	Year2	Parent	LLC2	QOF4	Date5	Date8	<u>d</u>
5	Year2	Sub1	LLC1	QOF5	Date7	Date9	<u>e</u>
6	Year3	Sub1	LLC3	QOF6	Date11	Date15	<u>f</u>
7	Year3	LLC1	LLC3	QOF7	Date11	Date18	<u>g</u>
8	Year3	Sub1	LLC3	QOF1	Date11	Date19	<u>h</u>
9	Year3	Sub1	LLC3	QOF8	Date16	Date20	<u>i</u>
10	Year3	Sub1	LLC3	QOF9	Date16	Date21	<u>j</u>
11	Year3	Sub1	LLC3	QOF8	Date16	Date24	<u>k</u>
12	Year3	LLC1	LLC2	QOF10	Date10	Date11	<u>l</u>
13	Year3	Sub1	LLC2	QOF2	Date10	Date12	<u>m</u>
14	Year3	Parent	LLC2	QOF4	Date10	Date13	<u>n</u>
15	Year3	Sub1	LLC2	QOF11	Date10	Date14	<u>o</u>
16	Year3	Parent	LLC2	QOF4	Date10	Date17	<u>p</u>
17	Year4	Sub1	LLC1	QOF2	Date22	Date23	<u>q</u>
18	Year4	LLC1	LLC3	QOF12	Date25	Date26	<u>r</u>
19	Year4	LLC1	LLC3	QOF13	Date27	Date28	<u>s</u>

20	Year4	Sub1	LLC3	QOF8	Date27	Date29	<u>t</u>
21	Year4	Sub1	LLC3	QOF9	Date27	Date30	<u>u</u>

Section 1400Z-2(a)(1) of the Code provides that in the case of gain from the sale to, or exchange with, an unrelated person of any property held by the taxpayer, at the election of the taxpayer, gross income for the tax year shall not include so much of such gain as does not exceed the aggregate amount invested by the taxpayer in a QOF during the 180-day period beginning on the date of such sale or exchange. Under Treas. Reg. § 1.1400Z2(a)-1(b)(34), the term “qualifying investment” means an eligible interest, or portion thereof, in a QOF to the extent that a deferral election under section 1400Z-2(a) is made and applies with respect to such eligible interest or portion thereof and the IRS has been timely notified of the deferral election.

A taxpayer eligible to defer gain pursuant to section 1400Z-2(a)(1) must make an election on its federal income tax return for the tax year in which the gain would be included if not deferred, and the election must be made in the manner prescribed by the Service in guidance published in the Internal Revenue Bulletin or in forms and instructions (see Treas. Reg. §§ 601.601(d)(2) and 601.602). Treas. Reg. § 1.1400Z2(a)-1(a)(2). Taxpayers electing to defer gain pursuant to section 1400Z-2(a) must make the deferral election on Form 8949 and file the Form 8949 with their federal income tax return for the year of deferral. Additionally, taxpayers must attach Form 8997, *Initial and Annual Statement of Qualified Opportunity Fund (QOF) Investments*, for each year that the taxpayers hold deferred gains and qualifying investments.

Generally, section 1400Z-2(a) applies separately to each member of a consolidated group. This means that the member who realizes gain from the sale of property must timely invest in a QOF to defer such gain under section 1400Z-2(a). Treas. Reg. § 1.1502-14Z(c)(1). However, Treas. Reg. § 1.1502-14Z(c)(2) allows a consolidated group to elect to treat one member’s investment in a QOF as a qualifying investment by another member. An election under paragraph (c)(2) is available when a member of a consolidated group (Member 1) has eligible gain and a second member (Member 2) makes an investment in a QOF that would be a qualifying investment if Member 1, rather than Member 2, had made the investment. If the consolidated group makes an election under paragraph (c)(2), then: Member 1 is treated as having made the investment in the QOF that is actually made by Member 2; and Member 1 is then treated as having immediately sold such investment to Member 2 for fair market value.

The election under Treas. Reg. § 1.1502-14Z(c)(2) must be made in the form of an election statement included with the consolidated group’s timely filed return. Treas. Reg. § 1.1502-14Z(h)(2).

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. Section 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. Section 301.9100-3(a).

The time for filing the Election Statement is fixed by the regulations (i.e., Treas. Reg. §§ 1.1400Z2(a)-1(a)(2) and 1.1502-14Z(h)(2)(i)). Therefore, the Commissioner has discretionary authority under § 301.9100-3 to grant an extension of time for the Parent Consolidated Group to make the elections under Treas. Reg. § 1.1502-14Z(c)(2) with respect to the QOF Investments, provided the Parent Consolidated Group 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.

Information, affidavits, and representations submitted by Parent, Company Official A, Company Official B, and Tax Professional explain the circumstances that resulted in the failure to make the elections under Treas. Reg. § 1.1502-14Z(c)(2) with respect to the QOF Investments. The information establishes that the request for relief was filed before the failure to properly make the elections was discovered by the Service. See § 301.9100-3(b)(1)(i).

Based on the facts and information submitted, including the representations made, we conclude that the Parent Consolidated Group 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 the Parent Consolidated Group to make the Treas. Reg. § 1.1502-14Z(c)(2) elections with respect to the QOF Investments by filing the Election Statements in accordance with Treas. Reg. § 1.1502-14Z(h)(2) for Year1, Year2, Year3, and Year4.

WITHIN 75 DAYS OF THE DATE OF THIS LETTER, Parent Consolidated Group, must file the Election Statements in accordance with Treas. Reg. § 1.1502-14Z(h)(2). The Election Statements must be attached to Parent Consolidated Group's tax return for the relevant taxable year. In addition, a copy of this letter must be attached to any income tax return to which it is relevant. Alternatively, taxpayers filing their returns electronically may satisfy this requirement by attaching a statement to the return that provides the date on, and control number (PLR-116509-25) of, this letter ruling.

This extension of time is conditioned on the federal tax liability (if any) of any relevant party not being 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). No opinion is expressed as to the tax liability for the years involved. A determination thereof will be made by the Director's office upon audit of the federal income tax returns involved.

Except as expressly provided herein, no opinion is expressed or implied concerning the tax consequences of any aspect of any transaction or item discussed in this letter. Specifically, we have no opinion, either express or implied, concerning whether (1) any gain in the above table is an eligible gain as defined in Treas. Reg. § 1.1400Z2(a)-1(b)(11); (2) each QOF in the above table meets the requirements under section 1400Z-2 and the regulations thereunder to be a QOF; (3) the QOF Investments are each a qualifying investment as defined in Treas. Reg. § 1.1400Z2(a)-1(b)(34), or (4) the Parent Consolidated Group was entitled to make an election under Treas. Reg. § 1.1502-14Z(c)(2) as to any particular investment. In addition, we express no opinion as to the tax effects or consequences of making the Treas. Reg. § 1.1502-14Z(c)(2) elections late under the provisions of any other section of the Code or regulations, or as to the tax treatment of any conditions existing at the time of, or effects resulting from, making the Treas. Reg. § 1.1502-14Z(c)(2) elections late that are not specifically set forth in the above ruling.

For purposes of granting relief under § 301.9100-3, we have relied on certain statements and representations made by Parent, Company Official A, Company Official B, and Tax Professional. However, the Director should verify all essential facts. Moreover, notwithstanding that an extension is being granted under § 301.9100-3 to make the Treas. Reg. § 1.1502-14Z(c)(2) elections, any penalties and interest that would otherwise be applicable still apply.

This letter ruling is directed only to the taxpayers 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,

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Julie T. Wang  
Senior Technician Reviewer, Branch 2  
Office of Associate Chief Counsel (Corporate)

cc: