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CC:PT&E:B01
PLR-116574-25
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PLR-116579-25
PLR-116580-25
PLR-116581-25
PLR-116582-25
PLR-116583-25

Date:
March 17, 2026

LEGEND

X =

Sub 1 =

Sub 2 =

Sub 3 =

Sub 4 =

Sub 5 =

Sub 6 =

Sub 7 =

Sub 8 =

Sub 9 =

Sub 10 =
State =
Date 1 =
Date 2 =
Date 3 =
Date 4 =
Date 5 =
Date 6 =
Date 7 =
Date 8 =
Date 9 =
Date 10 =
Date 11 =

Dear _____ :

This letter responds to a letter dated September 15, 2025, and subsequent correspondence, submitted on behalf of X by its authorized representatives, requesting an extension of time under § 301.9100-3 of the Procedure and Administration Regulations for X to elect to treat each of Sub 1, Sub 2, Sub 3, Sub 4, Sub 5, and Sub 9, as a Qualified Subchapter S Subsidiary (QSub) under § 1361(b)(3) of the Internal Revenue Code (Code) as well as a ruling under § 1362(f) for ineffective QSub elections for Sub 6, Sub 7, Sub 8, and Sub 10.

FACTS

X was incorporated under the laws of State on Date 1 and elected to be treated as an S corporation as of Date 2.

X wholly owns, directly or indirectly, Sub 1, Sub 2, Sub 3, Sub 4, Sub 5, Sub 6, Sub 7, Sub 8, Sub 9, and Sub 10.

X intended to treat Sub 1 as a QSub effective Date 3, Sub 2 and Sub 3 as QSubs effective Date 4, Sub 4 as a QSub effective Date 5, Sub 5 as a QSub effective Date 6, Sub 6 as a QSub effective Date 7, Sub 7 as a QSub effective Date 8, Sub 8 as a QSub

effective Date 9, Sub 9 as a QSub effective Date 10, and Sub 10 as a QSub effective Date 11. However, due to inadvertence, X failed to timely file Forms 8869, Qualified Subchapter S Subsidiary Election for each Sub 1, Sub 2, Sub 3, Sub 4, Sub 5, and Sub 9, effective Date 3, Date 4, Date 4, Date 5, Date 6, and Date 10 respectively.

QSub elections under § 1361(b)(3) were made for Sub 6 effective Date 7, Sub 7 effective Date 8, Sub 8 effective Date 9, and Sub 10 effective Date 11. However, the QSub elections for Sub 6, Sub 7, Sub 8, and Sub 10 were ineffective because Sub 2, not X, the S corporation parent, had filed Forms 8869 electing to treat Sub 6, Sub 7, Sub 8, and Sub 10 as QSubs.

X and its shareholders represent that the ineffective QSub elections for Sub 6, Sub 7, Sub 8, and Sub 10 were inadvertent and were not motivated by tax avoidance or retroactive tax planning. X and its shareholders have agreed to make adjustments (consistent with the treatment of Sub 6, Sub 7, Sub 8, and Sub 10 as QSubs) as may be required by the Secretary.

LAW AND ANALYSIS

Section 1361(a)(1) provides that the term “S corporation” means, with respect to any taxable year, a small business corporation for which an election under § 1362(a) is in effect for the taxable year.

Section 1361(b)(1) defines a “small business corporation” as a domestic corporation which is not an ineligible corporation and which does not (A) have more than 100 shareholders, (B) have as a shareholder a person (other than an estate, a trust described in § 1361(c)(2), or an organization described in § 1361(c)(6)) who is not an individual, (C) have a nonresident alien as a shareholder, or (D) have more than one class of stock.

Section 1361(b)(3)(A) generally provides that a QSub shall not be treated as a separate corporation and all assets, liabilities, and items of income, deduction, and credit of a QSub shall be treated as assets, liabilities, and such items (as the case may be) of the S corporation.

Section 1361(b)(3)(B) defines a QSub as a domestic corporation which is not an ineligible corporation, if 100 percent of the stock of the corporation is owned by an S corporation, and the S corporation elects to treat the corporation as a QSub.

Section 1.1361-3(a) of the Income Tax Regulations provides the time and manner for making an election to be classified as a QSub. Under § 1.1361-3(a)(2), an S corporation elects to treat a subsidiary as a QSub by filing a Form 8869 with the appropriate service center. Section 1.1361-3(a)(4) provides that an election cannot be effective more than two months and 15 days prior to the date the election is filed or more than 12 months after the election is filed.

Section 1.1361-3(a)(6) provides that an extension of time to make a QSub election may be available under §§ 301.9100-1 and 301.9100-3.

Section 1362(f) provides in part, that if (1) an election under § 1361(b)(3)(B)(ii) by any corporation (A) was not effective for the taxable year for which made (determined without regard to § 1361(b)(2)) by reason of a failure to meet the requirements of § 1361(b) or (B) was terminated under § 1361(b)(3)(C), (2) the Secretary determines that the circumstances resulting in such ineffectiveness or termination were inadvertent, (3) no later than a reasonable period of time after discovery of the circumstances resulting in such ineffectiveness or termination, steps were taken so that the corporation for which the election was made or the termination occurred is a QSub, and (4) the corporation for which the election was made or the termination occurred, and each person who was a shareholder in such corporation at any time during the period specified pursuant to § 1362(f) agrees to make such adjustments (consistent with the treatment of such corporation as a QSub) as may be required by the Secretary with respect to such period, then notwithstanding the circumstances resulting in such ineffectiveness or termination, such corporation shall be treated as a QSub during the period specified by the Secretary.

Section 301.9100-1(c) provides that the Commissioner may grant a reasonable extension of time to make a regulatory election, or a statutory election (but no more than 6 months except in the case of a taxpayer who is abroad), under all subtitles of the Code except subtitles E, G, H, and I. Section 301.9100-1(b) defines the term “regulatory election” as an election whose due date is prescribed by a regulation published in the Federal Register or a revenue ruling, revenue procedure, notice, or announcement published in the Internal Revenue Bulletin.

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 an election. Section 301.9100-2 provides the rules governing automatic extensions of time for making certain elections. Section 301.9100-3 provides the standards the Commissioner will use to determine whether to grant an extension of time for regulatory elections that do not meet the requirements of § 301.9100-2.

Under § 301.9100-3(a), a request 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) granting relief will not prejudice the interests of the government.

CONCLUSION

Based solely on the facts submitted and representations made, we conclude that X has satisfied the requirements of §§ 301.9100-1 and 301.9100-3 with respect to the QSub elections for Sub 1, Sub 2, Sub 3, Sub 4, Sub 5, and Sub 9. Accordingly, we grant X an extension of time of 120 days from the date of this letter to elect to treat Sub 1 as a

QSub effective Date 3, Sub 2 and Sub 3 as QSubs effective Date 4, Sub 4 as a QSub effective Date 5, Sub 5 as a QSub effective Date 6, and Sub 9 as a QSub effective Date 10. Each election should be made by filing Forms 8869 with the appropriate service center. A copy of this letter should be attached to each election.

Additionally, based solely on the facts submitted and the representations made, we conclude that the QSub elections for Sub 6, Sub 7, Sub 8, and Sub 10 were ineffective because Sub 2, not X, the S corporation parent, filed the Form 8869 for each of Sub 6, Sub 7, Sub 8, and Sub 10. We further conclude that the circumstances resulting in the ineffective QSub elections for Sub 6, Sub 7, Sub 8, and Sub 10 were inadvertent within the meaning of § 1362(f). Consequently, under § 1362(f), we rule that, provided the QSub elections for Sub 6, Sub 7, Sub 8, and Sub 10 were otherwise valid and have not otherwise terminated under § 1361(b)(3)(C), Sub 6 will be treated as a QSub from Date 7 and thereafter, Sub 7 will be treated as a QSub from Date 8 and thereafter, Sub 8 will be treated as a QSub from Date 9 and thereafter, and Sub 10 will be treated as a QSub from Date 11 and thereafter.

This ruling is contingent on X and its shareholders filing within 120 days from the date of this letter all required federal income tax returns (including amended returns) for all open years consistent with the relief granted in this letter. A copy of this letter must accompany any such returns.

We express no opinion concerning the assessment of any interest, additions to tax, additional amounts, or penalties for failure to file a timely tax or information return with respect to any taxable year that may be affected by this ruling.

Except as specifically set forth above, we express or imply no opinion concerning the consequences of the facts described above under any other provision of the Code, including whether X is a valid S corporation, or whether each Sub 1, Sub 2, Sub 3, Sub 4, Sub 5, Sub 6, Sub 7, Sub 8, Sub 9, or Sub 10 is eligible to be a QSub.

The ruling contained in this letter is based upon information and representations supplied 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 only to the taxpayer requesting it. Section 6110(k)(3) provides that it may not be used or cited as precedent.

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

Sincerely,

Jeffrey Van Hove
Acting Associate Chief Counsel
Passthroughs, Trusts, and Estates

/s/
Joy C. Spies
Senior Technician Reviewer, Branch 1
Associate Office of Chief Counsel
(Passthroughs, Trusts, and Estates)

Enclosure:
Copy for § 6110 purposes

cc: