Internal Revenue Service

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Department of the Treasury
Washington, DC 20224

Third Party Communication: None
Date of Communication: Not Applicable

Person To Contact:
, ID No.
Telephone Number:

Refer Reply To:
CC:CORP:BO2
PLR-120473-25

Date:
June 03, 2026

LEGEND

Parent	=
Partnership	=
Buyer	=
Subsidiary 1	=
Subsidiary 2	=
Date 1	=
Date 2	=
Date 3	=
Date 4	=
Date 5	=
State A	=
Taxable Year 1	=
Taxable Year 2	=
Company Official	=

Dear :

This letter responds to a letter dated December 12, 2025, submitted on behalf of Parent (alternatively referred to as the "Taxpayer"), requesting an extension of time under Treas. Reg. §§ 301.9100-1 through 301.9100-3 to make an election pursuant to Treas. Reg. § 1.1502-75(a)(1) to file a consolidated federal income tax return, with Parent as the common parent, for Taxable Year 2 (the "Consolidated Return Election").

FACTS

Parent is a State A limited liability company and was formed on Date 2. Parent made an election effective as of Date 3 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. Taxpayer is wholly owned by Partnership and was formed in order to hold the equity interests of Buyer.

Buyer is a State A corporation that was formed on Date 5 and has been classified as a corporation for U.S. federal income tax purposes since formation. Buyer is wholly owned by Taxpayer.

Prior to Date 1, Taxpayer was the common parent of an affiliated group of corporations (the "Parent Group"), as defined in section 1504 of the Internal Revenue Code of 1986, as amended (the "Code"). However, because of a miscommunication among Taxpayer's management, legal counsel, and tax return preparers, Taxpayer's tax return preparers erroneously reported Taxpayer as a disregarded entity of Partnership for U.S. federal income tax returns for Taxable Year 1 through Taxable Year 2. During this period, Taxpayer never made an affirmative decision to forgo a consolidated return for the Parent Group with Taxpayer as the common parent. While Taxpayer never filed a Form 1120, *U.S. Corporation Income Tax Return*, from the date of its formation through Taxable Year 2, Buyer timely filed a consolidated federal income tax return that included Subsidiary 1 and Subsidiary 2 but did not reflect Taxpayer as the common parent of the affiliated group. 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 Taxable Year 2.

The period of limitations on assessment under section 6501(a) has not expired for Taxable Year 2 or any subsequent taxable year.

REPRESENTATIONS

Parent has made the following representations:

1. Except for the failure to properly make the Consolidated Return Election, Taxpayer and its includible subsidiaries were eligible to file a consolidated federal income tax return for Taxable Year 2 and thereafter.

2. Taxpayer is requesting relief to make the Consolidated Return Election before the failure to make the Consolidated Return Election was discovered by the Internal Revenue Service (the "IRS"). Treas. Reg. § 301.9100-3(b)(1)(i).

3. Taxpayer is not seeking to alter a return position for which an accuracy-related penalty has been or could be imposed under section 6662 at the time Taxpayer

requests relief (taking into account any qualified amended return filed within the meaning of Treas. Reg. § 1.6664-2(c)(3)), but the new position requires or permits a regulatory election for which relief is requested. Treas. Reg. § 301.9100-3(b)(3)(i).

4. Taxpayer was not informed in all material respects of the required election and related tax consequences but then chose not to file the Consolidated Return Election. Treas. Reg. § 301.9100-3(b)(3)(ii).

5. No specific facts have changed since the original due date for making the Consolidated Return Election that make the Consolidated Return Election advantageous to Taxpayer. Treas. Reg. § 301.9100-3(b)(3)(iii).

6. Granting the Ruling will not result in Taxpayer having a lower tax liability in the aggregate for all taxable years affected by the Consolidated Return Election than Taxpayer would have had if the Consolidated Return Election had been timely made (taking into account the time value of money). Treas. Reg. § 301.9100-3(c)(1)(i).

7. No taxable years that may be affected by the Consolidated Return Election are closed by the period of limitations on assessment under section 6501(a) before Taxpayer's receipt of a ruling granting relief. Treas. Reg. § 301.9100-3(c)(1)(ii).

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 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 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 and Company Official 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 Taxable Year 2.

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-120473-25) 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 the year 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 year involved. A determination thereof will be made by the applicable Director's office upon audit of the U.S. federal income tax return 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 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 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,

Jonathan Kushner
Senior Technician Reviewer, Branch 5
Office of Associate Chief Counsel (Corporate)

cc: