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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:PSI:1
PLR-103262-26

Date:
July 31, 2026

LEGEND

X =

Y =

State =

Date 1 =

Date 2 =

Year =

Dear :

This letter responds to a letter dated January 8, 2026 submitted on behalf of X by X's authorized representatives, requesting an extension of time under § 301.9100-3 of the Procedure and Administration Regulations to elect to treat Y as a Qualified Subchapter S Subsidiary (QSub) under § 1361(b)(3) of the Internal Revenue Code (Code).

FACTS

X was incorporated under the laws of State on Date 1 and made an election to be treated as an S corporation effective Year. X acquired a 100 percent interest in Y on Date 2. X represents that it intended for Y to be treated as a QSub, effective Date 2. However, X inadvertently failed to timely file a QSub election on behalf of Y to be

effective Date 2. X represents it has filed tax returns and reported all tax items consistent with the tax treatment of Y as a QSub for all relevant years since Date 2.

LAW AND ANALYSIS

Section 1361(b)(3)(A) 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 of making a QSub election. A taxpayer makes a QSub election with respect to a subsidiary by filing a Form 8869 with the appropriate service center.

Section 1.1361-3(a)(1) provides that the corporation for which a QSub election is made must meet all the requirements of § 1361(b)(3)(B) at the time the election is made and for all periods for which the election is to be effective.

Section 1.1361-3(a)(4) provides that the effective date specified on the election form cannot be more than two months and 15 days prior to the date of filing and cannot be more than 12 months after the date of filing.

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

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 extensions that do not meet the requirements of § 301.9100-2.

Under § 301.9100-3, a request for relief will be granted when the taxpayer provides the 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) the grant of relief will not prejudice the interests of the Government.

CONCLUSION

Based solely on the information submitted and representations made, we conclude that the requirements of § 301.9100-3 have been satisfied. Accordingly, X is granted an extension of time of 120 days from the date of this letter to elect to treat Y as a QSub, effective Date 2. The election should be made by X filing a properly executed Form 8869 for Y with the appropriate service center. A copy of this letter should be attached to the Form 8869.

Except as expressly provided herein, we express or imply no opinion concerning the federal income tax consequences of the facts under any other provision of the Code. Specifically, we express or imply no opinion on whether X met the definition of an S corporation under § 1361(b)(1) or Y met the definition of a QSub under § 1361(b)(3).

The ruling contained in this letter is based upon 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 only to the taxpayer requesting it. According to § 6110(k)(3) of the Code, this ruling may not be used or cited as precedent.

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

Sincerely,

Jeffrey A. Van Hove
Acting Associate Chief Counsel (Passthroughs, Trusts, and Estates)

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Laura C. Fields
Branch Chief, Branch 1
(Passthroughs, Trusts, and Estates)

Enclosure:
Copy of this letter for section 6110 purposes

cc: