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:ITA:B07
PLR-104843-26

Date:
August 10, 2026

Re: Request for Extension of Time to Make the Election to Use the Alternative Depreciation System

Legend

Taxpayer =

Member =
Parent =
Investor =
Project Company =
Project =
LLC Agreement =
Firm =
Date1 =
Date2 =
Date3 =
Date4 =
Year1 =

Dear :

This letter responds to a letter dated April 6, 2026, and supplemental information submitted, by Taxpayer. Taxpayer requests an extension of time pursuant to §§ 301.9100-1 and 301.9100-3 of the Procedure and Administration Regulations to make the election under § 168(g)(7) of the Internal Revenue Code to use the alternative depreciation system (ADS) under § 168(g) for all tangible property placed in service by Taxpayer in the taxable year ended Date1 (Taxable Year) (the Election).

FACTS

Taxpayer represents that the facts are as follows:

Taxpayer, a limited liability company, is regarded as a partnership for Federal income tax purposes. Taxpayer files a Form 1065, *U.S. Return of Partnership Income*, on a calendar year basis. Taxpayer's overall method of accounting is an accrual method.

Upon formation, Taxpayer's sole member was Member. Member is controlled by Parent.

Pursuant to an equity capital contribution agreement dated Date2, between Investor and Member, Investor made certain capital contributions to Taxpayer in exchange for membership interests in Taxpayer.

On Date2, Taxpayer purchased all the membership interests in Project Company, an entity that is disregarded for Federal income tax purposes. Project Company develops and intends to construct, own, and operate Project, from which it will sell electric power.

Under LLC agreement, Member, Investor, and Taxpayer agreed that Taxpayer would make the Election. Accordingly, Taxpayer was required and intended to make the Election.

Taxpayer's managing member engaged Firm to prepare Taxpayer's Federal income tax return for Taxable Year. Taxpayer's managing member provided Firm with a copy of LLC Agreement prior to filing Taxpayer's Form 1065. Due to an oversight, Firm prepared Taxpayer's Federal income tax return for Taxable Year using the general depreciation system (GDS) of § 168(a). Taxpayer's Federal income tax return for the Taxable year was timely filed.

On Date3, Parent informed Firm that (1) Taxpayer's Federal income tax return for Taxable year was prepared using the GDS and (2) LLC Agreement requires Taxpayer to make the Election. The following month, on Date4, Taxpayer authorized Firm to file this request for an extension of time to make the Election.

Taxpayer represents that, in requesting an extension of time to make the Election, it acted reasonably and in good faith. Further, Taxpayer represents that granting relief will not prejudice the interests of the Government.

RULING REQUESTED

Taxpayer is requesting an extension of time under §§ 301.9100-1 and 301.9100-3 to make the election under § 168(g)(7) to use the ADS under § 168(g) for all

nonresidential real property and all classes of tangible property placed in service by Taxpayer in the taxable year ended Date1.

LAW

Section 167(a) provides that there shall be allowed as a depreciation deduction a reasonable allowance for the exhaustion, wear and tear, and obsolescence of property used in the trade or business, or in the production of income.

The depreciation deduction provided by § 167(a) for tangible property placed in service after 1986 generally is determined under § 168. Section 168 prescribes two methods of accounting for determining depreciation allowances. One method is the GDS in § 168(a) and the other method is the ADS in § 168(g).

In the case of any property to which an election under § 168(g)(7) applies, § 168(g)(1)(E) provides that the depreciation deduction provided by § 167(a) is determined under the ADS. Pursuant to § 168(g)(2), the ADS is depreciation determined by using the straight line method (without regard to salvage value), the applicable convention determined under § 168(d), and a recovery period determined under the table prescribed in § 168(g)(2)(C). For most personal property, the recovery period is the property's class life. Section 168(g)(3) provides special rules for determining class life.

Section 168(g)(7) permits a taxpayer to elect for any class of property for any taxable year to use the ADS for determining depreciation for all property in that class placed in service during that taxable year. However, in the case of nonresidential real property, the election is made separately with respect to each property. Once made, an election to use the ADS is irrevocable.

Section 301.9100-7T(a)(1) provides that the election under § 168(g)(7) must be made for the taxable year in which the property is placed in service. Section 301.9100-7T(a)(2)(i) further provides that this election must be made by the due date (including extensions) of the tax return for the taxable year for which the election is to be effective. Section 301.9100-7T(a)(3)(i) provides that the election under § 168(g)(7) is made by attaching a statement to the tax return for the taxable year for which the election is to be effective. In accordance with the instructions for the Year1 Form 4562, Depreciation and Amortization, a taxpayer makes the election to use the ADS for assets placed in service during the Year1 taxable year by completing line 20 of Form 4562.

Section 301.9100-1 provides that the Commissioner of Internal Revenue has the discretion to grant a reasonable extension of time under the rules set forth in §§ 301.9100-2 and 301.9100-3 to make certain regulatory elections.

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 301.9100-2 provides automatic extensions of time for making certain elections. Section 301.9100-3 provides extensions of time for making elections that do not meet the requirements of § 301.9100-2.

Section 301.9100-1(b) defines a regulatory election as an election whose due date is prescribed by regulations published in the Federal Register, a revenue ruling, revenue procedure, notice, or announcement published in the Internal Revenue Bulletin. The requested Election is a regulatory election because the due date of the election is prescribed in § 301.9100-7T(a)(2)(i).

Taxpayer's request must be analyzed under the requirements of § 301.9100-3 because the automatic extensions provided in § 301.9100-2 are not applicable.

Section 301.9100-3(a) provides that requests for relief subject to § 301.9100-3 will be granted when a taxpayer provides evidence to establish to the satisfaction of the Commissioner that the taxpayer acted reasonably and in good faith, and that the granting of relief will not prejudice the interests of the Government.

CONCLUSION

Based solely on the facts and representations submitted, we conclude that the requirements of §§ 301.9100-1 and 301.9100-3 have been satisfied. Accordingly, Taxpayer is granted 60 calendar days from the date of this letter to make the election under § 168(g)(7) to use the ADS under § 168(g) for all nonresidential real property and all classes of tangible property placed in service by Taxpayer in the taxable year ended Date1. This election must be made by Taxpayer filing an amended Form 1065, U.S. Income Return for a Partnership, for the taxable year ended Date1, in a manner that is consistent with the Election and with a statement indicating that Taxpayer is electing under § 168(g)(7) to use the ADS under § 168(g) for all nonresidential real property and all classes of tangible property placed in service by Taxpayer in the taxable year ended Date1.

A copy of this letter ruling must be attached to all subsequent Federal income tax returns (and amended returns) for all taxable years to which this ruling is relevant. If Taxpayer files electronically, it may satisfy this requirement by attaching a statement to the return that provides the date and control number of this letter ruling.

Except as expressly set forth above, we express no opinion concerning the tax consequences of the facts described above under any other provision of the Code or regulations. Specifically, no opinion is expressed or implied on whether the items of depreciable property placed in service by Taxpayer in the taxable year ended Date1 are properly classified under § 168(e).

The rulings contained in this letter are based upon facts and representations submitted by Taxpayer with an accompanying penalty of perjury statement executed by

the appropriate party. While this office has not verified any of the material submitted in support of this request for an extension of time to make the election to use the ADS, all material is subject to verification on examination.

This letter ruling is directed only to the taxpayer requesting it. Section 6110(k)(3) provides that it may not be used or cited as precedent.

In accordance with the power of attorney on file with this office, we are sending a copy of this letter ruling to Taxpayer's authorized representatives. We are also sending a copy of this letter ruling to the appropriate IRS operating division official.

Sincerely,

Charles J. Magee
Senior Counsel, Branch 7
Office of Associate Chief Counsel
(Income Tax and Accounting)

Enclosures (2): Copy of this letter
Copy for section 6110 purposes

cc: