

**Internal Revenue Service**

Department of the Treasury  
Washington, DC 20224

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In Re:

Refer Reply To:  
CC:PSI:B01 – PLR-122557-02

Date:  
January 09, 2003

**LEGEND:**

- X =
- Y =
- Z =
- Country =
- Date 1 =
- Date 2 =
- Date 3 =

Dear

This letter responds to a letter dated April 15, 2002, submitted on behalf of X, requesting a ruling that it be granted an extension of time pursuant to section 301.9100-3 of the Procedure and Administration Regulations in which to elect to be treated as a disregarded entity for federal tax purposes under section 301.7701-3(c).

**FACTS**

According to the information submitted, X was validly formed under Country law on Date 1. Y, a foreign limited liability company, was the sole member of X on Date 2. On Date 3, Y transferred its interest in X to Z, a foreign limited liability company. X and X's member intended from Date 2 to elect to classify X as a disregarded entity for federal tax purposes. However Form 8832, Entity Classification Election, was not timely filed.

**LAW AND ANALYSIS**

Section 301.7701-3(b)(2)(i) provides that unless a foreign eligible entity elects otherwise, the entity is: (A) a partnership if it has two or more members and at least one member does not have limited liability; (B) an association if all members have limited

liability; or (C) disregarded as an entity separate from its owners if it has a single owner that does not have limited liability.

Section 301.7701-3(b)(2)(ii) provides that for purposes of 301.7701-3(b)(2)(i), a member of a foreign eligible entity has limited liability if the member has no personal liability for the debts of or claims against the entity by reason of being a member.

Section 301.7701-3(c)(1)(i) allows an entity to elect to change its classification by filing Form 8832, Entity Classification Election, with the service center designated on that Form. Section 301.7701-3(c)(1)(iii) provides that all such elections become effective on the date specified by the entity on Form 8832 or on the date filed if no effective date is specified. The specified effective date must not be earlier than 75 days prior to the filing date of Form 8832, nor later than twelve months after that filing date.

Section 301.7701-3(c)(2)(ii) provides that if an election is to have a retroactive effective date, each person who was an owner between the date the election is to be effective and the date the election is filed, and who is not an owner at the time the election is filed, must also sign the election. Section 301.9100-1(c) gives the Commissioner discretion to grant reasonable extensions of time to make regulatory elections under the rules of sections 301.9100-2 and 301.9100-3. Under section 301.9100-1(b), a regulatory election includes an election whose due date is prescribed by a regulation published in the Federal Register or a notice published in the Internal Revenue Bulletin. Section 301.9100-3 sets forth the standards which the Commissioner uses to determine whether to grant a discretionary time extension. Under section 301.9100-3, a request for relief will be granted when the taxpayer provides evidence proving 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.

## CONCLUSION

Based solely on the facts submitted and the representations made, we conclude that X has satisfied the requirements of sections 301.9100-1 and 301.9100-3. As a result, X is granted an extension of time for making the election to be classified as a disregarded entity for federal tax purposes, effective Date 2, until 60 days following the date of this letter. X should make the election by filing with the appropriate service center Form 8832, signed by both Y and Z. A copy of this letter should be attached to that Form.

Except as expressly provided herein, no opinion is expressed or implied concerning the tax consequences of any aspect of any transaction or item discussed or referenced in this letter. This ruling is directed only to the taxpayer requesting it. Section 6110(k)(3) of the Internal Revenue 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 the taxpayer's representative.

Sincerely,  
/s/ Heather C. Maloy

Heather C. Maloy  
Associate Chief Counsel  
(Passthroughs and Special Industries)

Enclosures (2)  
Copy of this letter  
Copy for § 6110 purposes