

Internal Revenue Service

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Department of the Treasury

Washington, DC 20224

[Third Party Communication:

Date of Communication: Month DD, YYYY]

Person To Contact:

, ID No.

Telephone Number:

Refer Reply To:

CC:PSI:B01

PLR-162499-04

Date:

June 15, 2005

Legend

X1 =

A Entity =

X2 =

B Entity =

X3 =

X4 =

Date 1 =

Date 2 =

Date 3 =

Dear :

This responds to the letter dated November 29, 2004, requesting a ruling under § 301.9100-3 of the Procedure and Administration Regulations permitting X1 to file an

election under § 301.7701-3(c) to be treated as an entity disregarded as separate from its owner (a “disregarded entity”) for federal income tax purposes.

FACTS

According to the information submitted, X1 was formed as an A Entity on Date 1. X2 was formed as a B Entity on Date 2. X3 and X4 own 100 percent of X2. X1 became wholly owned by X2 as of Date 3. X1 intended to be classified as a disregarded entity for federal income tax purposes on Date 3, however; the Form 8832, Entity Classification Election, was not timely filed.

LAW AND ANALYSIS

Section 301.7701-3(a) provides that a business entity that is not classified as a corporation under § 301.7701-2(b)(1), (3), (4), (5), (6), (7), or (8) (an eligible entity) can elect its classification for federal tax purposes.

Section 301.7701-3(b)(2)(i) provides that unless it elects otherwise, a foreign eligible entity with one member is a corporation if its owner has limited liability and a disregarded entity if its owner has unlimited liability.

To elect to be classified other than as provided in § 301.7701-3(b) an eligible entity must file Form 8832, Entity Classification Election, with the applicable service center. Section 301.7701-3(c)(1)(i). An election will be effective on the date specified on the Form 8832 or on the date filed if no such date is specified. The effective date specified on Form 8832 cannot be more than 75 days prior to the date the election is filed or up 12 months after the date on which the form is filed. Section 301.7701-3(c)(1)(iii).

Section 301.9100-1(c) allows the Commissioner to grant a reasonable extension of time for making a regulatory election under the rules set forth in §§ 301.9100-2 and 301.9100-3. Section 301.9100-1(b) defines a regulatory election as an election having a due date prescribed by a regulation published in the Federal Register, or a revenue ruling, revenue procedure, notice or announcement published in the Internal Revenue Bulletin.

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

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

CONCLUSION

Based solely on the facts submitted and the representations made, the requirements of § 301.9100-3 have been satisfied. Accordingly, X1 is granted an extension of time of sixty (60) days from the date of this letter to elect to be treated as a disregarded entity effective as of Date 3. The election should be made by filing Form 8832 with the appropriate service center. A copy of this letter should be attached to the election.

Except as expressly set forth above, no opinion is expressed or implied concerning the tax consequences of the transactions described above under any other provision of the Internal Revenue Code.

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.

Pursuant to a Power of Attorney on file with this office, a copy of this letter is being sent to your authorized 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

cc: