

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:PSI:3

PLR-123896-06

Date:

May 10, 2006

Company:

Trust:

Grantor:

Trustee:

Country Entity:

a:

b:

c:

Dear :

On August 9, 2005, the Internal Revenue Service issued PLR-159437-04, granting Company an extension of time to elect under § 301.7701-3(c) of the Procedure and Administration Regulations to be treated as a disregarded entity. Since that time, we have discovered that the effective date specified in the ruling letter for the relief

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granted Company was not the date originally requested by Company. Consequently, pursuant to § 11.04 of Rev. Proc. 2006-1, 2006-1 I.R.B. 1, 49, we hereby revoke PLR-159437-04, with retroactive effect. The ruling, as requested by Company, follows.

Company was formed in a as a Country Entity, with Trust as its sole owner. Company invested solely in municipal bonds. Effective for Trust's tax year beginning b, the federal tax treatment of these bonds changed under newly amended regulations. Company's and Trustee's primary legal and tax advisor failed to timely inform them of the effect of the new regulations, and never advised them to make an entity classification election. Thus, Company failed to file Form 8832, Entity Classification Election.

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) may elect its classification for federal tax purposes as provided in this section. An eligible entity with a single owner may elect to be classified as an association (and thus a corporation under § 301.7701-2(b)(2)) or to be disregarded as an entity separate from its owner.

Section 301.7701-3(b)(3) provides in general that, unless it elects otherwise, an eligible entity in existence before the effective date of the entity classification regulations will have the same classification that the entity claimed under §§ 301.7701-1 through 301.7701-3 as in effect on December 31, 1996, provided in the case of a foreign eligible entity that this classification was relevant (as defined in § 301.7701-3(d)).

Section 301.7701-3(c)(1)(i) provides in general that an eligible entity may elect to be classified other than as provided under § 301.7701-3(b) by filing Form 8832 with the applicable service center.

Section 301.7701-3(c)(1)(iii) provides that an election made under § 301.7701-3(c)(1)(i) will be effective on the date specified by the entity on Form 8832 or on the date filed if no such date is specified on the election form. The effective date specified on Form 8832 can not be more than 75 days prior to the date on which the election is filed and can not be more than 12 months after the date on which the election is filed.

Under § 301.9100-1(c), the Commissioner may grant a reasonable extension of time to make a regulatory election, or a statutory election (but no more than six months except in the case of a taxpayer who is abroad), under all subtitles of the Internal Revenue Code, except subtitles E, G, H, and I.

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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 301.9100-1(a).

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.

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).

Based on the facts and representations submitted, Company has established that the requirements of §§ 301.9100-1 and 301.9100-3 are satisfied. Consequently, Company is granted an extension of 60 days from the date of this letter for electing under § 301.7701-3 to be disregarded as an entity separate from its owner effective c. Company must file Form 8832 within the extension period with the appropriate service center, with a copy of this letter attached.

The effect of Company's proposed election is prescribed in § 301.7701-3(g)(1)(iii). If an eligible entity classified as an association elects under § 301.7701-3(c)(1)(i) to be disregarded as an entity separate from its owner, the association is deemed to distribute all of its assets and liabilities to its single owner in liquidation.

Except for the specific ruling above, we express or imply no opinion concerning the federal tax consequences of the facts of this case under any other provision of the Code. Section 301.9100-1(a) provides that the granting of an extension of time for making an election is not a determination that the taxpayer is otherwise eligible to make the election.

In accordance with the power of attorney on file with this office, we are sending the original of this letter to you and a copy to Company.

This ruling is directed only to the taxpayer on whose behalf it was requested. According to § 6110(k)(3) of the Internal Revenue Code, this ruling may not be used or cited as precedent.

Sincerely,

HEATHER C. MALOY
Associate Chief Counsel
(Passthroughs and Special Industries)

Enclosures: Copy of this letter
Copy for § 6110 purposes

cc: