

Internal Revenue Service

Department of the Treasury
Washington, DC 20224

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Third Party Communication: None
Date of Communication: Not Applicable

Person To Contact: _____, ID No.

Telephone Number:

Refer Reply To:
CC:PSI:B02
PLR-106254-06

Date:
September 12, 2006

Legend

X =

Y =

Country =

Date 1 =

Date 2 =

Dear _____ :

This letter responds to the letter dated January 13, 2006 and subsequent correspondence, 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 partnership 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. X represents that between Date 1 and Date 2, X had no obligation to file a US tax return. On Date 2, Y, a US entity, acquired an ownership interest in X. X represents that as of Date 2, X was eligible to make an election under section 301.7701-3(c), to be

a partnership for federal income purposes. However, the Form 8832, Entity Classification Election, inadvertently was not timely filed.

Law and Analysis:

Section 301.7701-3(a) provides that a business entity not classified as a corporation under section 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, except as provided in section 301.7701-3(b)(3), unless the entity elects otherwise, a foreign eligible entity is classified as a partnership if it has two or more members and at least one member does not have limited liability, an association if all members have limited liability, or disregarded as an entity separate from its owner if it has a single owner that does not have limited liability.

Section 301.7701-3(c)(1)(i) provides that an eligible entity may elect to be classified other than as provided under section 301.7701-3(b) by filing Form 8832, Entity Classification Election, with the appropriate service center. Under section 301.7701-3(c)(1)(iii), this election will be effective on the date specified by the entity on Form 8832 or on the date filed if no such date is specified. The date specified on Form 8832 cannot be more than 75 days prior to the date on which the election is filed.

Under section 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 Code except subtitles E, G, H and I.

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 automatic extension of time for making certain elections. Section 301.9100-3 provides extensions of time for making elections that do not meet the requirements of section 301.9100-2. Requests for relief under section 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.

Conclusion:

Based solely on the facts submitted and the representations made, we conclude that X has satisfied the requirements of section 301.9100-3. As a result, X is granted an extension of time of sixty (60) days from the date of this letter to file a properly executed Form 8832 with the appropriate service center to elect to be treated as a partnership for federal tax purposes, effective Date 2. A copy of this letter should be attached to the election. A copy is enclosed for that purpose.

Except as specifically set forth above, we express no opinion concerning the federal tax consequences of the above described facts under any other provision of the Code.

This ruling is directed only to the taxpayer who requested it. Section 6110(k)(3) 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 forwarded to X's authorized representative.

Sincerely,

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

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