

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:B03

PLR-119191-06

Date: November 30, 2006

Legend:

X =

Y =

Z =

Country =

D1 =

D2 =

D3 =

Dear :

This letter responds to a letter dated March 16, 2006, written on behalf of X, requesting a ruling under section 301.9100-3 of the Procedure and Administration Regulations.

Facts:

Z, the common parent of an affiliated group of corporations, developed a plan to restructure certain businesses. Initially, X was a wholly owned subsidiary of Z and a member of Z's controlled group. X was organized on D1 under the laws of Country but

remained dormant until capitalized on D2. On D3, as a result of Z's restructuring plan, X became a member of the controlled group of corporations with Y as the common parent.

X represents it is a foreign entity eligible to be classified as a disregarded entity. Due to inadvertence, a Form 8832, Entity Classification Election, to treat X as disregarded as an entity separate from its owner, effective D2, was not filed timely.

Law and Analysis:

Section 301.7701-3(a) provides, in part, 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 as provided in this section. An eligible entity with at least two members can elect to be classified as either an association (and thus a corporation under §301.7701-2(b)(2)) or a partnership.

Section 301.7701-3(b)(2) provides, in part, that except as provided in §301.7701-3(b)(3), unless the entity elects otherwise, a foreign eligible 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 owner if it has a single owner that does not have limited liability.

Section 301.7701-3(c)(1)(i) provides, in part, that an eligible entity may elect to be classified other than as provided under §301.7701-3(b), or to change its classification, by filing Form 8832, Entity Classification Election, with the service center designated on Form 8832.

Section 301.7701-3(c)(1)(iii) provides that an election under §301.7701-3(c)(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 cannot 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.

Section 301.9100-1(c) provides that the Commissioner may grant a reasonable extension of time under the rules set forth in §301.9100-2 and §301.9100-3 to make a regulatory election, or a statutory election (but not more than 6 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.

Section 301.9100-2 provides the standards the Commissioner will use to determine whether to grant an automatic extension of time for making certain elections.

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

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

Section 301.9100-3(b) provides that a taxpayer is deemed to have acted reasonably and in good faith if the taxpayer failed to make the election because, after exercising reasonable diligence (taking into account the taxpayer's experience and the complexity of the return or issue), the taxpayer was unaware of the necessity to make the election, the taxpayer reasonably relied on written advice of the Internal Revenue Service (IRS), or the taxpayer reasonably relied on a qualified tax professional, including a tax professional employed by the taxpayer, and the tax professional failed to make, or advise taxpayer to make, the election.

Conclusion:

Based solely on the facts submitted and the representations made, we conclude that X has satisfied the requirements of §301.9100-3. As a result, within sixty (60) days from the date of the letter, X should resubmit to the appropriate service center Form 8832, to replace the previously filed protective retroactive election, and to elect, effective D2, to be treated as a disregarded entity. A copy of this letter should be attached to the Form 8832.

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 Internal Revenue 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.

Sincerely,

/s/

William P. O'Shea
Associate Chief Counsel
(Passthroughs & Special Industries)

Enclosures (2):

Copy of this letter

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