

**Internal Revenue Service**

Department of the Treasury  
Washington, DC 20224

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Person To Contact:

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Telephone Number:

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LEGEND

Holding =

Trust =

Partnership =

LLC =

DE1 =

DE2 =

A =

B =

C =

D =

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E =

Country 1 =

Country 2 =

State =

a =b =c =d =e =f =g =h =

Dear :

This letter responds to a letter dated January 27, 2006, and subsequent correspondence, submitted on behalf of E requesting an extension of time under § 301.9100-3 of the Procedure and Administration Regulations to file an election to be classified as a disregarded entity for federal tax purposes.

### FACTS

The information submitted discloses that on a, the Trust and another entity formed Partnership. Also on that date, Partnership acquired DE1, a Country 1 entity, which in turn acquired DE2, also a Country 1 entity. DE1 and DE2 are both disregarded entities. On b, Partnership acquired A, a Country 2 entity, from LLC. LLC, owned in part by the Trust, had acquired A on c. Partnership then sold A to DE2 on d. On e, DE1 acquired B, a Country 1 entity, which acquired C, a Country 2 entity, on f. On g,

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DE1 formed D, a Country 1 entity, which acquired E, a Country 2 entity, on h. Also on h, Holding acquired the Trust's interest in Partnership. The Trust is a majority owner of Holding. The respective owners of A, B, C, D, and E intended them to be disregarded entities for federal tax purposes effective on their respective dates of acquisition or formation. However, each of A, B, C, D, and E inadvertently failed to timely file Form 8832, Entity Classification Election.

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

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. For purposes of this provision, § 301.7701-3(b)(2)(ii) provides that 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) 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, Entity Classification Election, 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 cannot be more than 75 days prior to the date on which the election is filed and cannot 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 Code except subtitles E, G, H, and I. Section 301.9100-1(b) defines the term "regulatory election" as an election whose due date is prescribed by a regulation published in the Federal Register, or a revenue ruling, revenue procedure, notice, or an announcement published in the Internal Revenue Bulletin.

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

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election. 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.

Section 301.9100-3(a) provides that 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.

### CONCLUSIONS

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

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.

This ruling is directed only to the taxpayer requesting it. According to § 6110(k)(3) of the Internal Revenue Code, this ruling 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 taxpayer's authorized representatives.

Sincerely,

/s/

WILLIAM P. O'SHEA  
Associate Chief Counsel  
(Passthroughs & Special Industries)

Enclosures: 2 copies of this letter  
Copy for § 6110 purposes