Internal Revenue Service

Number: **200712038**
Release Date: 3/23/2007
Index Number: 7701.00-00, 9100.00-00

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:B1]
PLR-146394-06
Date: December 12, 2006

Legend

X =

Y =

Z =

S =

T =

U =

V =

W =

Country =

Sport =

Date 1 =

Date 2 =

Year 1 =

Year 2 =

State 1 =
State 2 =

=

a% =

b% =

c% =

d% =

e% =

Dear :

This is in response to a letter dated September 25, 2006 requesting an extension of time pursuant to § 301.9100-3 of the Procedure and Administration Regulations to file an election to treat V as a partnership for federal tax purposes under § 301.7701-3(c).

Facts

According to the information submitted, X has had at least # as members at all times since Date 1. The Members of X have owned a% of the limited partnership interests in Y. These limited partnership interests constitute b% of the total membership interests in Y. Z, a State 1 corporation wholly owned by the Members, has owned a% of the general partnership interest in Y, which consists of c% of the total membership interests in Y.

In Year 1 the Members decided to establish an international . In Year 2 S, a State 2 corporation, directly and/or indirectly through various related entities, joined with the Members as a partner in the . To effect the partnership, the Members, through Y and S formed two new entities in Year 2 – T and U. Both T and U were State 1 limited liability companies treated as partnerships for federal tax purposes at that time. Y owned d% of the membership interests in each T and U, and S owned the other e% of the membership interests in each entity.

On Date 1, T and U combined to purchase V from two unrelated parties. At the time of the purchase transaction, V was an existing Country limited liability company, and since it had two owners, it was eligible to be treated as a partnership for federal tax purposes under the check-the-box regulations. On Date 2, all of the interests in T and U each became wholly owned by W, a disregarded entity wholly owned by Y. Therefore,

on Date 2 under the check-the-box rules, T and U each became a disregarded entity. For federal tax purposes, then, once T and U became disregarded entities, V was treated as wholly owned by Y.

V, T and U represent that as of Date 1 and up until Date 2, V was eligible to make an election under § 301.7701-3(c) to be a partnership for federal tax purposes. However, the Form 8832, *Entity Classification Election*, was not timely filed since V was unaware that such a filing was necessary for a foreign limited liability company to be treated as a partnership for federal tax purposes.

Law and Analysis

Section 301.7701-3(b)(2) provides guidance on the classification of a foreign eligible entity for federal tax purposes. Generally, unless the entity makes an election to be treated otherwise, a foreign eligible entity is treated as an association taxable as a corporation if all members have limited liability. If a foreign eligible entity has only one owner, it may elect to be treated as a disregarded entity pursuant to the rules in § 301.7701-3(c). If a foreign eligible entity has more than one owner, it may elect to be treated as a partnership pursuant to the rules in § 301.7701-3(c).

Section 301.7701-3(c) further provides that an entity classification election must be filed on Form 8832, *Entity Classification Election*, and can be effective up to 75 days prior to the date the form is filed or up to 12 months after the date on which the form 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 including an election with a deadline prescribed by a regulation published in the Federal Register.

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 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).

Conclusion

Based solely upon the information submitted, we conclude that the requirements of §§ 301.9100-1 and 301.9100-3 have been satisfied. As a result, an extension of 60 days from the date of this letter is granted to elect to treat V as a partnership for federal tax purposes, effective for the period from Date 1 until Date 2. The entity classification election should be made by filing Form 8832 with the appropriate service center. A copy of this letter should be attached to the Form 8832. A copy is enclosed for that purpose.

Except as expressly provided herein, no opinion is expressed or implied concerning the tax consequences of any aspect of any transaction or item discussed or referenced in this letter.

This ruling is directed only to the taxpayer(s) requesting it. Section 6110(k)(3) of the Internal Revenue Code provides that it may not be used or cited as precedent.

Sincerely,

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

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