



During a routine internal review of Parent's Date 1 to Date 2 tax return, Parent discovered on Date 3 that it failed to complete the Form 970 on behalf of Taxpayer, for the taxable year ending Date 2. Parent states that Taxpayer was required to file Form 970 for this taxable year because an internal restructuring had occurred during the year where Taxpayer had received inventory, which Taxpayer subsequently valued under the LIFO Inventory Method. Prior to the restructuring, Taxpayer held no inventory. Promptly after discovery of this failure to timely file Form 970, Parent filed on behalf of Taxpayer this request for an extension of time to file the Form 970.

Parent represents that Taxpayer implemented the LIFO inventory method described in § 472 for the taxable year ending Date 2 and has used the LIFO inventory method for all subsequent taxable years. Parent also represents that the LIFO inventory method was used in its reports to shareholders, partners, or other proprietors, to beneficiaries, and for credit purposes.

Section 472 provides that a taxpayer may use the LIFO method in inventorying goods specified in an application to use such method, filed at such time, and in such manner, as the Secretary may prescribe.

Section 1.472-3 provides that the LIFO inventory method may be adopted and used only if the taxpayer files with its income tax return for the taxable year as of the close of which the method is first to be used in a statement of its election to use such inventory method. The statement is to be made on Form 970.

Section 301.9100-1(c) provides that the Commissioner has discretion to grant a reasonable extension of time under the rules set forth in §§ 301.9100-2 and 301.9100-3 to make certain regulatory elections. Section 301.9100-1(b) defines a 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 announcement published in the Internal Revenue Bulletin.

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 a taxpayer provides evidence to establish to the satisfaction of the Commissioner (1) that the taxpayer acted reasonably and in good faith, and (2) that granting relief will not prejudice the interests of the Government. See § 301.9100-3(a).

Based solely on the facts and representations submitted, we conclude that the requirements of §§ 301.9100-1 and 301.9100-3 have been satisfied. Accordingly, we hereby grant an extension of time for Parent to file the missing Form 970 for Taxpayer.

This extension shall be for a period of 30 days from the date of this ruling. Please attach a copy of this ruling to the Form 970.

The ruling contained in this letter is based upon information and representations submitted by Parent and accompanied by a penalty of perjury statement executed by an appropriate party. While this office has not verified any of the materials submitted in support of the request for rulings, such material is subject to verification on examination.

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. Specifically, we express no opinion as to whether Taxpayer has correctly used the LIFO inventory method. We also have no opinion as to the internal restructuring of Parent that occurred in the taxable year ending Date 2.

This ruling is directed only to Parent, who requested it. Section 6110(k)(3) provides that it may not be used or cited as precedent.

In accordance with the Power of Attorney on file with this office, copies of this letter are being sent to Parent's authorized representatives. We are also sending a copy of this letter to the appropriate operating division director.

Sincerely,

ROY HIRSCHHORN  
Chief, Branch 6  
Office of Associate Chief Counsel  
(Income Tax & Accounting)