

**Internal Revenue Service**

Department of the Treasury  
Washington, DC 20224

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Third Party Communication: None  
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Person To Contact:  
, ID No.

Telephone Number:

Refer Reply To:  
CC:INTL:B06  
PLR-113185-13

Date:  
August 19, 2013

**Legend**

Taxpayer =  
Accounting Firm =  
Company =  
Individual A =  
Individual B =  
State A =  
Year 1 =  
Date 1 =  
Date 2 =  
Date 3 =  
Month 1 =

Dear :

This responds to a letter dated March 20, 2013, submitted by Accounting Firm requesting that the Internal Revenue Service (“Service”) grant Taxpayer an extension of time under Treas. Reg. §§ 301.9100-1 and 301.9100-3 to file Form 4876-A (“Election To Be Treated as an Interest Charge DISC”) for Taxpayer’s first taxable year.

The rulings contained in this letter are based upon information and representations submitted by Taxpayer and Accounting Firm, and accompanied by affidavits and penalty of perjury statements executed by appropriate parties. This office has not verified any of the materials submitted in support of the request for rulings. It is subject to verification on examination.

## FACTS

Taxpayer is a domestic corporation that assists Company with the export of property. Company, an S corporation, wholly owns Taxpayer. Individual A and Individual B wholly own Company and are officers of Company.

In Year 1, Accounting Firm approached Individual A and Individual B to discuss forming an interest charge domestic international sales corporation (“IC-DISC”). Individual A and Individual B were not familiar with IC-DISC matters and were inexperienced with international tax matters and filings. They subsequently engaged Accounting Firm to take all necessary steps to elect IC-DISC status for Year 1. As a result, Taxpayer was incorporated on Date 1 in State A with the sole purpose of qualifying and operating as an IC-DISC. Taxpayer began operating as an IC-DISC on Date 1.

Accounting Firm prepared a Form 4876-A and sent it to Individual A and Individual B on Date 2. Individual A and Individual B mistakenly believed that Accounting Firm filed the Form 4876-A and that the correspondence was confirmation of the filing. As a result, Individual A and Individual B believed that no further action was required.

Accounting Firm did not confirm whether Taxpayer had timely filed the Form 4876-A. Believing all requirements for IC-DISC status had been satisfied, Accounting Firm prepared the 2011 Form 1120-IC-DISC tax return for Taxpayer, which was signed by Individual A and filed. In Month 1, Taxpayer and Accounting Firm received a letter dated Date 3 from the Service stating that the Service had no record that a Form 4876-A had been filed.

After discovering that the Form 4876-A had not been filed, Taxpayer requested a ruling granting an extension of time to file Form 4876-A for its first taxable year.

## LAW AND ANALYSIS

Section 992(b)(1)(A) provides that an election by a corporation to be treated as a DISC<sup>1</sup> shall be made by such corporation for a taxable year at any time during the 90-day period immediately preceding the beginning of the taxable year, except that the Secretary may give his consent to the making of an election at such other times as he may designate.

Section 992(b)(1)(B) provides that such election shall be made in such manner as the Secretary shall prescribe and shall be valid only if all persons who are shareholders in such corporation on such first day of the first taxable year for which such election is effective consent to such election.

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<sup>1</sup> As used in this letter, the terms “IC-DISC” and “DISC” have the same meaning.

Temporary Treasury Regulation § 1.921-1T(b)(1) provides, in part, that a corporation electing IC-DISC status must file Form 4876-A and that a corporation electing to be treated as an IC-DISC for its first taxable year shall make its election within 90 days after the beginning of that year.

Treasury Regulation § 301.9100-1(c) provides, in part, that the Commissioner, in exercising the Commissioner's discretion, may grant a reasonable extension of time under the rules set forth in Treas. Reg. §§ 301.9100-2 and 301.9100-3 to make a regulatory election under all subtitles of the Code except subtitles E, G, H, and I.

Treasury Regulation § 301-9100-1(b) provides that a regulatory election is 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. For this purpose, an election includes an application for relief in respect of tax.

Treasury Regulation § 301.9100-3(a) provides that requests for extensions of time for regulatory elections that do not meet the requirements of Treas. Reg. § 301.9100-2 (automatic extensions) must be made under the rules of Treas. Reg. § 301.9100-3. Requests for relief subject to Treas. Reg. § 301.9100-3 will be granted when the taxpayer provides the evidence (including affidavits described in Treas. Reg. § 301.9100-3(e)) to establish to the satisfaction of the Commissioner that the taxpayer acted reasonably and in good faith, and that the grant of relief will not prejudice the interests of the Government.

Based on the facts and representations submitted with Taxpayer's ruling request, we conclude that Taxpayer satisfies Treas. Reg. § 301.9100-3(a). Accordingly, Taxpayer is granted an extension of time of 60 days from the date of this ruling letter to file Form 4876-A. Such filing will be treated as a timely election to be treated as an IC-DISC for Taxpayer's first taxable year.

The granting of an extension in this ruling letter is not a determination that Taxpayer is otherwise eligible to make the election or to claim IC-DISC status or benefits. See Treas. Reg. § 301.9100-1(a). Taxpayer should attach a copy of this ruling letter to its Federal income tax return for the taxable years to which this letter applies.

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

In accordance with the Power of Attorney on file with this office, a copy of this letter is being sent to your authorized representative.

Sincerely,

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Joseph P. Dewald  
Senior Technical Reviewer, Branch 6  
Office of Associate Chief Counsel (International)

cc: