

**Internal Revenue Service**

Department of the Treasury  
Washington, DC 20224

Number: **201852011**  
Release Date: 12/28/2018

Third Party Communication: None  
Date of Communication: Not Applicable

Index Number: 1361.00-00, 1361.05-00,  
9100.00-00

Person To Contact:  
, ID No.

Telephone Number:

Refer Reply To:  
CC:PSI:03  
PLR-110324-18  
Date:  
September 18, 2018

Legend

X =

Sub =

State =

Date 1 =

Date 2 =

Date 3 =

Dear :

This letter responds to a letter dated March 22, 2018, submitted on behalf of X, requesting an extension of time under § 301.9100-3 of the Procedure and Administration Regulations for X to elect to treat Sub as a qualified subchapter S subsidiary (“QSub”) under § 1361(b)(3) of the Internal Revenue Code (Code).

FACTS

The information submitted states that X was formed as a corporation on Date 1 and elected to be taxed as an S Corporation effective Date 2. Sub incorporated on Date 3. X wholly owns Sub. X requests permission to file a QSub election for Sub effective

Date 3.

X represents that neither X nor its shareholders were aware of the requirement to make QSub election to obtain the desired tax treatment for Sub. X further represents that it reported consistently with the treatment of Sub as a QSub.

LAW

Section 1361(b)(3)(A) provides that a QSub shall not be treated as a separate corporation, and all assets, liabilities, and items of income, deduction, and credit of a QSub shall be treated as assets, liabilities, and such items (as the case may be) of the S corporation.

Section 1361(b)(3)(B) defines a QSub as a domestic corporation, which is not an ineligible corporation, if 100 percent of the stock of the corporation is held by an S corporation, and the S corporation elects to treat the corporation as a QSub.

Section 1.1361-3(a) of the Income Tax Regulations provides the time and manner of making a QSub election. A taxpayer makes a QSub election with respect to a subsidiary by filing Form 8869, Qualified Subchapter S Subsidiary Election, with the appropriate service center.

Section 1.1361-3(a)(4) provides that a QSub election cannot be effective more than two months and 15 days prior to the date the election is filed or not more than 12 months after the election is filed.

Section 1.1361-3(a)(6) provides that an extension of time to make a QSub election may be available under §§ 301.9100-1 and 301.9100-3.

Section 301.9100-1(c) provides that the Commissioner in exercising the Commissioner's discretion 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 Code, except subtitles E, G, H, and I. Section 301.9100-1(b) provides that the term "regulatory election" includes an election whose due date is prescribed by a regulation published in the Federal Register.

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 the 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.

### CONCLUSION

Based solely on the facts submitted and representations made, we conclude that X has satisfied the requirements of § 301.9100-3. Accordingly, X is granted an extension of time of 120 days from the date of this letter to elect to treat Sub as a QSub effective Date 3. The election should be made for Sub by filing Form 8869 with the appropriate service center. A copy of this letter should be attached to the elections and is enclosed for that purpose.

Except as expressly provided herein, no opinion is expressed or implied concerning the federal income tax consequences of any aspect of any transaction or item discussed or referenced in this letter under any other provision of the Code. Specifically, we express no opinion regarding whether X is a valid S corporation under § 1361, or whether Sub is eligible to be a QSub under § 1361(b)(3)(B).

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

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

In accordance with a power of attorney on file with this office, we are sending a copy of this letter to your authorized representative.

Sincerely,

---

Richard T. Probst  
Senior Technician Reviewer, Branch 3  
Office of the Associate Chief Counsel  
(Passthroughs & Special Industries)

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

: