

Internal Revenue Service

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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:03
PLR-118444-21

Date:
March 11, 2022

Legend:

X =

Y =

Z =

State =

Country =

Date 1 =

Date 2 =

Date 3 =

Dear :

This letter responds to a letter dated September 2, 2021, submitted on behalf of Y, requesting that the Service grant Y an extension of time under § 301.9100-3 of the Procedure and Administration Regulations to elect to classify X as an entity disregarded from its owner for federal tax purposes.

FACTS

The information submitted states that X was formed in Country on Date 1. Y, a State corporation, is the parent of the consolidated group that owns X. Z, also a State corporation, was the owner of X on Date 2, and is a member of the same consolidated group that owns X. For U.S. federal income tax purposes, X is a foreign eligible entity whose default classification is an association taxable as a corporation. Y represents that Z intended to file a Form 8832, Entity Classification Election, to elect to classify X as an entity disregarded from its owner for US federal income tax purposes, effective Date 2. However, Z failed to file a Form 8832 to classify X as a disregarded entity effective Date 2. Since Date 2, all of X's tax items have been reported consistent with its intended classification. Y is therefore requesting an extension of time under § 301.9100-3 to make a late entity classification election to treat X as an entity disregarded from its owner for US federal income tax purposes effective Date 2.

Y represents that it, X, Z, and all other relevant entities have acted reasonably and in good faith, that granting relief will not prejudice the interests of the government, and that it is not using hindsight in making the 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) can elect its classification for federal tax purposes. Elections are necessary only when an eligible entity chooses to be classified initially as other than the default classification or when an eligible entity chooses to change its classification.

Section 301.7701-3(b)(1) provides that unless the entity elects otherwise, a domestic eligible entity is: (i) a partnership if it has two or more members; or (ii) disregarded as an entity separate from its owner if it has a single owner.

Section 301.7701-3(c)(1)(i) provides that an eligible entity may elect to be classified other than as provided under § 301.7701-3(b) by filing Form 8832 with the appropriate service center. Section 301.7701-3(c)(1)(iii) provides that this election will be effective on the date specified by the entity on Form 8832 or on the date filed if no such date is specified. The date specified on Form 8832 cannot be more than 75 days prior to the date on which the election is filed.

Section 301.9100-1(c) provides that the Commissioner 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 rules governing automatic extensions of time for making certain elections. Section 301.9100-3 provides the standards the Commissioner

will use to determine whether to grant an extension of time for regulatory 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 (1) the taxpayer acted reasonably and in good faith, and (2) 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 Y has satisfied the requirements of §§ 301.9100-1 and 301.9100-3. As a result, Y is granted an extension of time of 120 days from the date of this letter to file a Form 8832 with the appropriate service center to make an election for X to be treated as an entity disregarded from its owner for federal tax purposes, effective Date 2. A copy of this letter should be attached to the Form 8832.

This ruling is contingent on the owners of X, within 120 days from the date of this letter, filing all required federal income tax returns and information returns (including amended returns) for all taxable years beginning on or after Date 3, consistent with the requested relief. These returns must include, but are not limited to, all required Forms 8865, Return of U.S. Persons With Respect to Certain Foreign Partnerships, being filed consistent with the relief granted in this letter. A copy of this letter should be attached to any such returns.

The rulings contained in this letter are 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 request for rulings, it is subject to verification on examination.

If applicable, this entity classification election is disregarded for purposes of determining the amounts of all section 965 elements of all United States shareholders of X if the election otherwise would change the amount element of any section 965 element of any such United States shareholder. See § 1.965-4(c)(2).

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 requesting 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, a copy of this letter is being sent to Y's authorized representatives.

Sincerely,

Associate Chief Counsel
(Passthroughs and Special Industries)

By:

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

Enclosures (2):

Copy of this letter
Copy for § 6110 purposes

cc: