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Department of the Treasury
Washington, DC 20224

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Person To Contact:
           , ID No.

Telephone Number:

Refer Reply To:
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Date:
March 6, 2024

LEGEND

X   =

Date 1   =

Date 2   =

Date 3   =

Date 4   =

Country   =

Dear   :

      This letter responds to a letter dated August 25, 2023 and subsequent correspondence submitted on behalf of X by its authorized representatives, requesting an extension of time under § 301.9100-3 of the Procedure and Administration Regulations for X to file an election to be classified as an association for federal tax purposes, effective Date 4.

FACTS

The information submitted states that X was formed under the laws of Country on Date 1. On Date 2, X filed Form 8832, Entity Classification Election, electing to be disregarded as an entity separate from its owner. On Date 3, the ownership interests of X were transferred, such that more than fifty percent of the ownership interests of X as of Date 3 were owned by persons that did not own any interest in X on Date 2.

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. An eligible entity with a single owner can elect to be classified as an association (and thus a corporation under § 301.7701-2(b)(2)) or to be disregarded as an entity separate from its owner. Elections are necessary only when an eligible entity chooses to be classified initially as other than its default classification or when an eligible entity chooses to change its classification.

Section 301.7701-3(b)(2)(i) provides that, except for certain existing eligible entities described in § 301.7701-3(b)(3), unless a foreign eligible entity elects otherwise, the entity is: (A) a partnership if it has two or more members and at least one member does not have limited liability; (B) an association if all members have limited liability; or (C) disregarded as an entity separate from its owner if it has a single member that does not have limited liability.

Section 301.7701-3(b)(2)(ii) provides, in part, that for purposes of § 301.7701-3(b)(2)(i), a member of a foreign eligible entity has limited liability if the member has no personal liability for the debts of or claims against the entity by reason of being a member.

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), or to change its classification, by filing Form 8832 with the service center designated on Form 8832. Under § 301.7701-3(c)(1)(iii), 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 on the election form. The effective date specified on Form 8832 cannot be more than 75 days prior to the date on which the election is filed.

Section 301.7701-3(c)(1)(iv) provides that if an eligible entity makes an election under paragraph (c)(1)(i) to change its classification (other than an election made by an existing entity to change its classification as of the effective date), the entity cannot change its classification by election again during the sixty months succeeding the effective date of the election. However, the Commissioner may permit the entity to change its classification by election within the sixty months if more than fifty percent of the ownership interests in the entity as of the effective date of the subsequent election

are owned by persons that did not own any interest in the entity on the filing date or on the effective date of the entity's prior election. An election by a newly formed eligible entity that is effective on the date of formation is not considered a change for purposes of this paragraph (c)(1)(iv).

Section 301.7701-3(g)(1)(iv) provides that if an eligible entity classified to be disregarded as an entity disregarded from its owner elects under § 301.7701-3(c)(1)(i) to be an association, the following is deemed to occur: the owner of the eligible entity contributes all of the assets and liabilities of the entity to the association in exchange for stock of the association.

Section 301.9100-1(c) provides that the Commissioner may grant a reasonable extension of time to make a regulatory election, or a statutory election (but no more than 6 months except in the case of a taxpayer who is abroad), under all subtitles of the Internal Revenue Code (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 the representations made, we conclude that X has satisfied the requirements of §§ 301.9100-1 and 301.9100-3. Accordingly, we grant X an extension of time of 120 days from the date of this letter to file Form 8832 with the appropriate service center to elect to be an association for federal tax purposes effective Date 4. A copy of this letter should accompany X's Form 8832.

This ruling is contingent on X and its owner filing, within 120 days from the date of this letter, all required federal income tax and information returns (including amended returns) for all years, consistent with the granted relief (including the application of § 301.7701-3(g)(1)(iv)). A copy of this letter should be attached to any such returns.

If applicable, X's election to be classified as an association effective Date 4 is disregarded for purposes of determining the amounts of all § 965 elements of all United States shareholders of X if the election otherwise would change the amount of any

§ 965 element of any such United States shareholder. See § 1.965-4(c)(2) of the Income Tax Regulations.

Except as specifically set forth above, we express or imply no opinion concerning the federal tax consequences of any aspect of any transaction or item discussed or referenced in this letter. In addition, § 301.9100-1(a) provides that the granting of an extension of time for making an election is not a determination that the taxpayer is otherwise eligible to make the election.

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.

The ruling contained in this letter is based on 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 requested ruling, 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 representatives.

Sincerely,

Associate Chief Counsel
(Passthroughs & Special Industries)

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

Enclosure:
    Copy of this letter for § 6110 purposes

cc: