

**Internal Revenue Service**

Department of the Treasury  
Washington, DC 20224

Number: **202439010**  
Release Date: 9/27/2024  
Index Number: 7701.00-00

Third Party Communication: None  
Date of Communication: Not Applicable

Person To Contact:  
, ID No.  
Telephone Number:

Refer Reply To:  
CC:PSI:B03  
PLR-116652-21  
Date:  
June 21, 2024

**LEGEND**

X =

State =

Date 1 =

Date 2

Date 3 =

Date 4 =

Date 5 =

Dear :

This ruling is in response to your request dated August 12, 2021, and subsequent correspondence, submitted on behalf of X by its authorized representative, requesting a ruling under § 301.7701-3(c)(1)(iv) of the Procedure and Administration Regulations to change X's classification from an association taxable as a corporation to a disregarded entity for federal tax purposes.

**FACTS**

The information submitted states that X was formed under the laws of State as a limited liability company on Date 1. At the time of formation, X had two owners and was

treated as a partnership for federal tax purposes. On Date 2, one of X's owners acquired all of the outstanding interest in X and thus X became classified as a disregarded entity for federal tax purposes. X subsequently filed a Form 8832, Entity Classification Election, to change its classification to an association taxable as a corporation for federal income tax purposes effective Date 3. X had a change in ownership of more than fifty percent that would satisfy the requirements of § 301.7701-3(c)(1)(iv) on Date 4.

### **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 as provided in § 301.7701-3. Under § 301.7701-3(a), 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.

Section 301.7701-3(b) provides a default classification for an eligible entity that does not make an election. Thus, 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)(ii) provides that a domestic eligible entity is 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 in § 301.7701-3(b), or to change its classification, by filing a Form 8832 with the service center designated on the Form 8832.

Section 301.7701-3(c)(1)(iii) provides that an election made under § 301.7701-3(c)(1)(i) will be effective on the date specified by the entity on Form 8832 or on the date filed if no 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 and cannot be more than 12 months after 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 § 301.7701-3(c)(1)(i) to change its classification, 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 interests in the entity on the filing date or on the effective date of the entity's prior election.

**CONCLUSION**

Based solely on the information submitted and representations made, we consent to X changing its entity classification to a disregarded entity for federal tax purposes effective Date 5 under § 301.7701-3(c)(1)(iv). X 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 elect to be classified as a disregarded entity for federal tax purposes effective Date 5. A copy of this letter should be attached to the Form 8832.

Except as specifically set forth above, we express or imply no opinion concerning the federal tax consequences of the facts of this case under any other provision of the Code and the regulations thereunder. 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.

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 information submitted in support of the ruling request, it is subject to verification on examination.

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.

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

Sincerely,

Associate Chief Counsel  
(Passthroughs & Special Industries)

/S/

By: \_\_\_\_\_  
Richard T. Probst  
Senior Technician Reviewer, Branch 3  
(Passthroughs & Special Industries)

Enclosure:

Copy of this letter for § 6110 purposes

PLR-116652-21

4

cc: