Internal Revenue Service

Department of the Treasury
Washington, DC 20224

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Person To Contact:
, ID No.
Telephone Number:

Refer Reply To:
CC: INTL – PLR-140743-05
Date:
March 22, 2006

In Re:

Taxpayer =

EIN:

Entity 1 =

Entity 2 =

Entity 3 =

Entity 4 =

.
Entity 5 =

Entity 6 =

Entity 7 =

Entity 8 =

Company 1 =

Company 2 =

Person A =

Date 1 =

Date 2 =

Year 1 =

Year 2 =

Year 3 =

Year 4 =

Year 5 =

Amount aa =

Amount bb =

Amount cc =

Amount dd =

Amount ee =

Amount ff =

Amount gg =

Amount hh =

Amount ii =

Amount jj =

Amount kk =

Amount ll =

Amount mm =

Amount nn =

Amount oo =

Amount pp =

Amount qq =

Amount rr =

Amount ss =

Amount tt =

Amount uu =

Amount vv =

Amount ww =

Amount xx =

Amount yy =

Amount zz =

Amount aaa =

Amount bbb =

Country A =

Country B =

Country C =

Country D =

In re: PLR-140743-05

Dear

This is in response to a letter dated July 22, 2005, requesting an extension of time under Treas. Reg. § 301.9100-3 to file elections under Treas. Reg. § 1.1503-2(g)(2)(i) (elections) and annual certifications under Treas. Reg. § 1.1503-2(g)(2)(vi)(B) (certifications) for tax years Year 1 through Year 5 with respect to the dual consolidated losses of Entities 1 through 8. Additional information was provided in a letter dated February 14, 2006. The information submitted for consideration is substantially as set forth below.

The ruling contained in this letter is predicated upon facts and representations submitted by the taxpayer and accompanied by a penalty of perjury statement executed by an appropriate party. This office has not verified any of the material submitted in support of the request for a ruling. Verification of the factual information, representations, and other data may be required as a part of the audit process.

Taxpayer is a domestic corporation that files a consolidated return for federal income tax purposes. Taxpayer wholly owns Entity 1, a Country A corporation treated as a disregarded entity for federal income tax purposes and whose interest is a hybrid entity separate unit as defined in Treas. Reg. §1.1503-2(c)(4).

Entity 1 wholly owns Entity 2, a Country A corporation treated as a disregarded entity for federal income tax purposes and whose interest is a hybrid entity separate unit as defined in Treas. Reg. §1.1503-2(c)(4). Entity 2 has branch operations in Country B (Entity 3) and Country C (Entity 4) whose interests Taxpayer represents are hybrid entity separate units as defined in Treas. Reg. §1.1503-2(c)(4), because they are taxed at the entity level on a worldwide or residence basis by their respective foreign jurisdictions.

Entity 2 wholly owns Company 1, which wholly owns Company 2. Both Company 1 and Company 2 are Country A corporations treated as a disregarded entities for federal income tax purposes. Company 2 owns Entity 5, a Country A corporation. Effective Date 1, an election was filed to treat Entity 5 as a partnership for federal income tax purposes pursuant to Treas. Reg. §1.7701-3. Effective Date 2, Company 2 acquired the remaining 50 percent in Entity 5, which caused Entity 5 to become a disregarded entity for federal income tax purposes. For all years at issue, the interests in Entity 5 are hybrid entity separate units as defined in Treas. Reg. §1.1503-2(c)(4).

Entity 2 wholly owns Entity 6 and Entity 7, Country A corporations treated as disregarded entities for federal income tax purposes and whose interests are hybrid entity separate units as defined in Treas. Reg. §1.1503-2(c)(4). Entity 8 is a Country D

branch of a wholly owned domestic subsidiary of Taxpayer and a separate unit as defined in Treas. Reg. §1.1503-2(c)(3)(i)(A).

Dual consolidated losses of Amount aa for Year 2 and Amount bb for Year 3 are attributable to the interest in Entity 1. Although elections were filed for these losses, certifications were not filed for the Year 2 loss with Taxpayer's tax returns for Year 3 and Year 4, and a certification was not filed for the Year 3 loss with Taxpayer's return for Year 4.

Dual consolidated losses of Amount cc for Year 1, Amount dd for Year 2, Amount ee for Year 3, and Amount ff for Year 4 are attributable to the interest in Entity 2. While elections were filed for these losses, certifications were not filed for the Year 1 loss with Taxpayer's tax returns for Year 2, Year 3, and Year 4. Certifications were not filed for the Year 2 loss with Taxpayer's tax returns for Year 3 and Year 4, and a certification was not filed for the Year 3 loss with the tax return for Year 4.

Dual consolidated losses of Amount gg for Year 1, Amount hh for Year 2, Amount ii for Year 3, and Amount jj for Year 4 are attributable to the interest in Entity 3. While elections were filed for these losses, certifications were not filed for the Year 1 loss with Taxpayer's tax returns for Year 2, Year 3, and Year 4. Certifications were not filed for the Year 2 loss with Taxpayer's tax returns for Year 3 and Year 4, and a certification was not filed for the Year 3 loss with the tax return for Year 4.

Dual consolidated losses of Amount kk for Year 2, Amount ll for Year 3, and Amount mm for Year 4 are attributable to the interest in Entity 4. While elections were filed for these losses, certifications were not filed for the Year 2 loss with Taxpayer's tax returns for Year 3 and Year 4. A certification was not filed for the Year 3 loss with the tax return for Year 4.

Dual consolidated losses of Amount nn for Year 2 and Amount oo for Year 3 are attributable to the interest in Entity 5. Dual consolidated losses of Amount pp (during Year 4 when Entity 5 was a partnership) and Amount qq (during Year 4 when Entity 5 was a disregarded entity) are attributable to the interests in Entity 5. Elections were not filed for the losses in Year 2, Year 3, and that portion of Year 4 when Entity 5 was a partnership (an election was made for the Year 4 loss when Entity 5 was a disregarded entity). Certifications for the Year 2 loss were not filed with Taxpayer's tax return for Year 3 and Year 4, and a certification for the Year 3 loss was not filed with the return for Year 4.

Dual consolidated losses of Amount rr for Year 1, Amount ss for Year 2, Amount tt for Year 3, and Amount uu for Year 4 are attributable to the interest in Entity 6. Although elections were filed for these losses, certifications were not filed for the Year 1 loss with Taxpayer's tax returns for Year 2, Year 3, and Year 4. Certifications were not filed for the Year 2 loss with Taxpayer's tax returns for Year 3 and year 4, and a certification was not filed for the Year 3 loss with the tax return for Year 4.

Dual consolidated losses of Amount vv for Year 1, Amount ww for Year 2, Amount xx for Year 3, and Amount yy for Year 4 are attributable to the interest in Entity 7. Although elections were filed for these losses, certifications were not filed for the Year 1 loss with the tax returns for Year 2, Year 3, and Year 4. Certifications were not filed for the Year 2 loss with the tax returns for Year 3 and Year 4, and a certification was not filed for the Year 3 loss with the tax return for Year 4.

Dual consolidated losses of Amount zz for Year 3, Amount aaa for Year 4 and Amount bbb for Year 5 were incurred by Entity 8. Elections were not filed for these losses.

Taxpayer represents that the income tax laws of Country A do not deny the use of losses, expenses, or deductions of the Entities incorporated in Country A to offset income of another person because the dual resident corporation or separate unit is also subject to income taxation by another country on its worldwide income or on a residence basis.

Taxpayer relied on Person A, its Director of Taxation, to comply with the filing requirements of Treas. Reg. §1.1503-2(g)(2) with respect to the dual consolidated losses of Taxpayer's affiliated dual resident corporations or separate units. While Person A was aware that the losses of Entities 1, 2, 3, 4, 5 (during the time it was a disregarded entity), 6, and 7 were dual consolidated losses and filed elections for such losses, Person A did not realize that certifications needed to be filed for such losses. Person A also did not realize that the losses of Entity 5, during the time it was treated as a partnership, were dual consolidated losses and did not file the appropriate elections and certifications for such losses. In addition, Person A did not realize that the losses of Entity 8 (a foreign branch of a domestic subsidiary of Taxpayer) were dual consolidated losses and did not file the appropriate elections for such losses.
Treas. Reg. § 301.9100 -1(b) provides that an election includes an application for relief in respect of tax, and defines a regulatory election as an election whose due date is prescribed by a regulation, a revenue ruling, revenue procedure, notice, or announcement.

Treas. Reg. § 301.9100-1(c) provides that the Commissioner has discretion to grant a taxpayer a reasonable extension of time, under the rules set forth in Treas. Reg. §

301.9100-3, to make a regulatory election under all subtitles of the Internal Revenue Code, except subtitles E, G, H, and I.

Treas. Reg. § 301.9100-3(a) provides that requests for relief subject to this section 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 the grant of relief will not prejudice the interests of the Government.

In the present situation, the filings described in Treas. Reg. § 1.1503-2(g)(2) are regulatory elections as defined in Treas. Reg. § 301.9100-1(b). Therefore, the Commissioner has discretionary authority under Treas. Reg. § 301.9100-1(c) to grant Taxpayer an extension of time, provided that Taxpayer satisfies the rules set forth in Treas. Reg. § 301.9100-3(a).

Based on the facts and information submitted, 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 the elections and the certifications for the dual consolidated losses described in this letter.

The granting of an extension of time is not a determination that Taxpayer is otherwise eligible to file the elections and certifications. Treas. Reg. § 301.9100-1(a).

A copy of this ruling letter should be associated with the election agreements and the annual certifications that are the subject of this ruling.

This ruling is directed only to the taxpayer who requested it. I.R.C. § 6110(k)(3) provides that it may not be used or cited as precedent. No ruling has been requested, and none is expressed, as to the application of any other section of the Code or regulations to the facts presented.

Pursuant to a power of attorney on file in this office, a copy of this ruling letter is being furnished to Taxpayer's authorized representatives.

Sincerely,

_____
Robert W. Lorence
Senior Counsel
Office of Associate Chief Counsel (International)

Enclosure:
Copy for 6110 purposes