

**Internal Revenue Service**

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Department of the Treasury

Washington, DC 20224

[Third Party Communication:

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Person To Contact:

, ID No.

Telephone Number:

Refer Reply To:

CC:INTL

PLR-148464-05

Date:

March 21, 2006

**LEGEND**

Taxpayer =

Corp A =

Corp B =

Corp C =

LLC =

LP =

Tax Year =

One

Tax Year =

Two

Tax Year =

Three

Tax Year =

Four

Tax Year =

Five

Tax Year =

Six

Date A =

Date B =

S percent =

T percent =  
 State M =  
 Country K =  
 Country L =  
 CPA Firm A =  
 CPA Firm B =  
 Individual A =

Dear

This replies to your representative’s letter dated September 16, 2005, in which your representative requests on behalf of Taxpayer an extension of time under Treas. Reg. §301.9100-3 for Taxpayer to file the elections and agreements described in §§1.1503-2(g)(2)(i) and 1.1503-2T(g)(2)(i), and the annual certification described in §1.1503-2(g)(2)(vi)(B), as follows:

	Tax Year One	Tax Year Two	Tax Year Three	Tax Year Five
Corp A	a	a/c	c	
Corp A’s interest in LLC			a	
Corp A’s interest in Corp B				b
Taxpayer’s (i) direct interest in LLC			a	
(ii) indirect interest in LLC			a	

LEGEND
a = Election and agreement described in Treas. Reg. §1.1503-2(g)(2)(i)
b = Election and agreement described in Treas. Reg. §1.1503-2T(g)(2)(i)
c = Annual certification described in Treas. Reg. §1.1503-2(g)(2)(vi)(B)

Additional information was submitted on March 20, 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 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 was the common parent of a U.S. consolidated group in Tax Years One through Three and Five. Beginning on Date A in Tax Year One and continuing until Date B in Tax Year Three, Taxpayer wholly owned Corp A. From Date B in Tax Year Three through Tax Year Five, Taxpayer owned S percent of Corp A. Corp A is a State M company and has its operations in Country K. Corp A is a dual resident corporation as defined in Treas. Reg. §1.1503-2(c)(2) and incurred dual consolidated losses (DCLs) as defined in §1.1503-2(c)(5) in Tax Year One (after Date A) and Tax Year Two. In Tax Year Five, Corp A wholly owned Corp B, a Country L limited liability company. Corp B is a disregarded entity for U.S. income tax purposes and, accordingly, is a hybrid entity separate unit as defined in §1.1503-2(c)(4). Corp B incurred DCLs in Tax Year Five. During Tax Year Three, Taxpayer owned a T percent interest in LP, a U.S. limited partnership.

During Tax Year Three, Taxpayer, Corp A, Corp C (an unrelated entity), and LP held interests in LLC. LLC was a limited liability company incorporated in State M with its business operations in Country K. LLC was treated as a partnership for U.S. federal income tax purposes, and was a hybrid entity separate unit as defined in Treas. Reg. §1.1503-2(c)(4). Corp A held a direct interest in LLC. Taxpayer owned both direct and indirect interests in LLC, with the indirect interests held through Corp A and LP. LLC incurred DCLs in Tax Year Three.

CPA Firm A reviewed and signed Taxpayer's U.S. consolidated federal income tax returns for Tax Years One through Four. CPA Firm A first raised the issue of DCLs when it was reviewing Taxpayer's Tax Year Four tax return. It was not until Tax Year Six did Individual A have a more thorough discussion with CPA Firm B and outside legal counsel of the requirements with respect to DCLs. At that time, it was decided to file this request for relief.

The failure to include the DCL of Corp B in the election statement prepared for Tax Year Five resulted from Taxpayer's inadvertent failure to treat Corp B as a wholly-owned disregarded entity pursuant to a "check-the box" election.

Taxpayer represents that it filed this application for relief before the Internal Revenue Service discovered the failure to file the elections and agreements described in Treas. Reg. §§1.1503-2(g)(2)(i) and 1.1503-2T(g)(2)(i) and the annual certification described in §1.1503-2(g)(2)(vi)(B) as set forth in the above table. Treas. Reg. §301.9100-3(b)(1)(i).

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 §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. §301.9100-1(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. §301.9100-3(a) provides that requests for relief subject to this section will be granted when the taxpayer provides 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 within the meaning of §301.9100-3(b), subject to the conditions set forth in §301.9100-3(b)(3), and the grant of relief will not prejudice the interests of the Government within the meaning of §301.9100-3(c).

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

Based on the facts and representations submitted, we conclude that Taxpayer satisfies the standards for relief as set forth in Treas. Reg. §301.9100-3. Accordingly, Taxpayer is granted an extension of time of 60 days from the date of this ruling letter for it to file the elections and agreements described in §§1.1503-2(g)(2)(i) and 1.1503-2T(g)(2)(i) and the annual certification described in §1.1503-2(g)(2)(vi)(B) as set forth above.

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

A copy of this ruling letter should be associated with the elections and agreements, and the annual certifications.

This ruling is directed only to 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 your first and second listed authorized representatives.

Sincerely,

Associate Chief Counsel (International)

By: /s/ Richard L. Chewning  
Richard L. Chewning  
Senior Counsel  
Office of the Associate Chief Counsel  
(International)

Enclosures:  
Copy for 6110 purposes

cc: