**Internal Revenue Service**

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Department of the Treasury

Washington, DC 20224

199910051

Person to Contact:

Telephone Number:

Refer Reply To:
CC:DOM:P&SI:1-PLR-120210-98
Date:
December 7, 1998

## LEGEND

X =

Y =

Country =

Year =

Date1 =

This responds to your letter dated October 27, 1998, and submitted on behalf of X and Y. Your letter requests an extension of time to elect to treat Y as an entity that is disregarded as an entity separate from its owner for federal tax purposes.

## FACTS

X purchased 100% of Y, an entity formed in Country, in Year. Until Date1, Y was an entity that is considered a per se corporation under § 301.7701-2(b)(8) of the Procedure and Administration Regulations. On Date1, Y was converted to an entity eligible to elect its classification for federal tax purposes (an "eligible entity"). The purpose of the conversion was to elect that Y be treated as an entity that is disregarded as an entity separate from its owner for federal tax purposes. However, such an election was not timely filed.

## LAW AND ANALYSIS

Section 301.7701-3(b)(2) provides guidance on the classification of a foreign eligible entity for federal tax purposes. Generally, a foreign eligible entity is treated as an association taxable as a corporation if all members have limited liability, unless the entity makes an election to be treated otherwise. If a foreign eligible entity has one owner, it may elect to be taxable as an entity that is disregarded as an entity separate from its owner pursuant to the rules in § 301.7701-3(c). Section 301.7701-3(c) provides that an entity classification election must be filed on Form 8832 and can be effective up to 75 days prior to the date the form is filed or up to 12 months after the date on which the form is filed.

Under § 301.9100-1(c), the Commissioner may grant a reasonable extension of time to make a regulatory election, or a statutory election (but no more than six 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) defines the term "regulatory election" as including an election whose deadline is prescribed by a regulation published in the Internal Revenue Bulletin.

Sections 301.9100-1 through 301.9100-3 provide the standards the Commissioner will use to determine whether to grant an extension of time to make an election. Section 301.9100-1(a).

Section 301.9100-2 provides automatic extensions of time for making certain elections. Section 301.9100-3 provides extensions of time for making elections that do not meet the requirements of § 301.9100-2.

Requests for relief under § 301.9100-3 will be granted when the taxpayer provides evidence to establish that the taxpayer acted reasonably and in good faith, and that granting relief will not prejudice the interests of the Government. Section 301.9100-3(a).

## CONCLUSION

In the present situation, the requirements of §§ 301.9100-1 and 301.9100-3 have been satisfied. As a result, an extension of time is granted to elect that Y be treated as an entity that is disregarded as an entity separate from its owner for federal tax purposes until 60 days following the date of this letter. The election should be made by following the procedure for filing Form 8832. A copy of this letter should be attached to the election.

Except as specifically set forth above, no opinion is expressed or implied as to the federal income tax consequences of the transactions described above under any other provision of the Code.

This ruling is directed only to the taxpayer on whose behalf it was requested. Section 6110(k)(3) provides that it may not be used or cited as precedent. Pursuant to a power of attorney on file with this office, a copy of this letter is being forwarded to the taxpayer and the taxpayer's authorized representative.

Sincerely,

signed/Paul F. Kugler
PAUL F. KUGLER
Assistant Chief Counsel
(Passthroughs and Special Industries)

Enclosures