

Internal Revenue Service

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Person To Contact:
, ID No.

Telephone Number:

Refer Reply To:
CC:INTL
PLR-163293-05

Date:
May 04, 2006

LEGEND

Taxpayer =

Corp A =
Tax Year =
One
Country Y =
CPA Firm =
Individual A =

Dear :

This replies to your representative's letter dated December 19, 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 election and agreement described in §1.1503-2T(g)(2)(i) with respect to the dual consolidated loss (DCL) of Corp A incurred in Tax Year One. Additional information was submitted on April 27, 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 filed a consolidated U.S. income tax return in Tax Year One. In Tax Year One, Taxpayer wholly owned Corp A, a Country Y unlimited liability company. Corp A,

was a disregarded entity and therefore was a hybrid entity separate unit as defined in Treas. Reg. §1.1503-2(c)(4). Therefore, Corp A was a dual resident corporation within the meaning of §1.1503-2(c)(2). Corp A incurred a DCL in Tax Year One.

Because Taxpayer did not maintain its own tax department, Taxpayer engaged CPA Firm to prepare its consolidated U.S. income tax return for Tax Year One. Individual A was a manager with CPA Firm, and had review responsibilities with respect to that return. Individual A believed that a disregarded entity, such as Corp A, was not a dual resident corporation under Treas. Reg. §1.1503-2(c)(2). Therefore, Individual A did not inform Taxpayer that it needed to file the election and agreement described in §1.1503-2T(g)(2)(i) with its Tax Year One return with respect to the DCL that Corp A incurred in that year. Individual A later determined that Taxpayer was subject to those filing requirements. In addition, Individual A determined at that time that the exception in §1.1503-2(c)(5)(ii)(A) did not apply to a Country Y unlimited liability company and, therefore, Corp A's Tax Year One losses were DCLs.

Taxpayer represents that it filed this application for relief before the Internal Revenue Service discovered the failure to file the election and agreement described in Treas. Reg. §1.1503-2T(g)(2)(i) with respect to the DCL Corp A incurred in Tax Year One. 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 election and agreement described in Treas. Reg. §1.1503-2T(g)(2)(i) is a regulatory election 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 to file the election and agreement described in §1.1503-2T(g)(2)(i) with respect to the DCL Corp A incurred in Tax Year One.

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

A copy of this ruling letter should be associated with the election and agreement.

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 Chewning
Richard L. Chewning
Senior Counsel
Office of Associate Chief Counsel (International)

Enclosures:
Copy for 6110 purposes