

Internal Revenue Service

Department of the Treasury

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Person to Contact:

Telephone Number:

Refer Reply To:

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Date:

November 20, 2000

Legend

X =

State =

D1 =

D2 =

This responds to the letter dated August 8, 2000, and additional information submitted on behalf of X, requesting an extension of time under § 301.9100 of the Procedure and Administration Regulations to elect to be treated as a corporation for federal tax purposes.

FACTS

According to the information submitted, X was incorporated under State law in D1. Effective D2, X converted to a State Limited Partnership. X, which has two or more members, intended to elect to be classified as an association taxable as a corporation for federal tax purposes, effective D2. The Entity Classification Election (Form 8832), however, was not timely filed for an effective date of D2.

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. An eligible entity with at least two members can elect to be classified as either an association (and thus a corporation under § 301.7701-2(b)(2)) or a partnership.

Section 301.7701-3(b) provides default classification for eligible entities that do not make an election. Section 301.7701-3(b)(1)(i) provides that unless a domestic eligible entity elects otherwise, the entity is classified as a partnership if it has two or more members.

To elect to be classified other than as provided in § 301.7701-3(b), an eligible

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entity must file Form 8832 with the designated service center. Section 301.7701-3(c)(1)(i). An election can be effective on the date specified on the Form 8832 or on the date filed if no such date is specified. The effective date specified on the Form 8832 cannot be more than 75 days prior to the date the election is filed. Section 301.7701-3(c)(2)(iii).

Section 301.9100-1(c) provides that the Commissioner has discretion to grant a reasonable extension of time under the rules in § 301.9100-3 to make a regulatory election. Section 301.9100-1(b) defines a regulatory election to include an election whose due date is prescribed by a regulation published in the Federal Register.

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).

CONCLUSIONS

Based solely on the facts submitted and representations made, we conclude that X has satisfied the requirements of § 301.9100-3. As a result, X is granted an extension of time to elect to be classified as a corporation for federal tax purposes, effective D2. X has 60 days from the date of this letter to file Form 8832 with the applicable service center. The Form 8832 submitted with the ruling request is returned herewith.

Except as specifically set forth above, no opinion is expressed or implied concerning the federal tax consequences of the facts described above under any other provision of the Internal Revenue Code.

This ruling is directed only to the taxpayer who requested it. Section 6110(k)(3) provides that it may not be used or cited as precedent. Pursuant to the Power of Attorney on file with this office, a copy of this letter is being sent to the taxpayer.

Sincerely,
PAUL F. KUGLER
Associate Chief Counsel
(Passthroughs and Special Industries)

Enclosures (2)
Copy of this letter
Copy for § 6110 purposes

cc: