

**Internal Revenue Service**

Department of the Treasury  
Washington, DC 20224

Number: **200543003**

Release Date: 10/28/2005

Index Number: 9100.22-00, 1503.04-04

Third Party Communication: None  
Date of Communication: Not Applicable

Person To Contact:  
, ID No.

Telephone Number:

Refer Reply To:  
CC:INTL:B03  
PLR-102737-05

Date:  
July 29, 2005

Legend

Corp A =

Corp B =

Corp C =

Country M =

Individual N =

CPA Firm X =

Tax Year 1 =

Tax Year 2 =

Tax Year 3 =

Dear :

This is in response to your letter dated January 7, 2005, in which Corp A requests an extension of time under Treas. Reg. §§301.9100-1 and 301.9100-3 to file the elections and agreement statements, as described in §1.1503-2(g)(2)(i), with respect to Tax Year 1 and Tax Year 2. The information submitted for consideration is substantially as set forth below.

The ruling contained in this letter is based upon information and representations submitted by Corp A and accompanied by a penalty of perjury statement executed by an appropriate party. While this office has not verified any of the material submitted in support of the request for rulings, it is subject to verification on examination.

Corp A, a domestic corporation, is the parent of an affiliated group of corporations (the "Corp A Group") that filed consolidated federal income tax returns for Tax Year 1 and

Tax Year 2. The Corp A Group includes both Corp B, a wholly owned domestic subsidiary of Corp A, and Corp C, a wholly owned domestic subsidiary of Corp B.

In Tax Year 1 and Tax Year 2, Corp C's principal place of business was in Country M. During those years, Corp C had dual consolidated losses as described in Treas. Reg. §1.1503-2(c)(5) ("DCLs") which were included in the Corp A Group's consolidated federal income tax returns for Tax Year 1 and Tax Year 2.

Subsequent to Tax Year 2, CPA Firm X determined, as a part of its review of the Corp A Group's tax liability for Tax Year 3, that elections and agreements for Tax Year 1 and Tax Year 2 had not been filed as required by Treas. Reg. §1.1503-2(g)(2)(i). In an affidavit, Individual N, who was involved in the preparation of the Corp A Group's consolidated federal income tax returns for Tax Year 1 and Tax Year 2, indicated that this failure was due to a misunderstanding of the DCL rules by Individual N. Once it was informed of these errors by CPA Firm X, Corp A initiated this request for relief under §301.9100-3 for an extension of time to file the required elections and agreements.

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 the 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, and the grant of relief will not prejudice the interests of the Government.

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

Based upon the facts and circumstances submitted, we conclude that Corp A satisfies Treas. Reg. §301.9100-3(a). Accordingly, Corp A is granted an extension of time of 45 days from the date of this ruling letter to file the elections and agreements as described in §1.1503-2(g)(2)(i) with respect to the Corp C losses that were included in the Corp A consolidated federal income tax returns for Tax Year 1 and Tax Year 2.

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

Except as expressly provided herein, no opinion is expressed or implied concerning the tax consequences of any aspect of any transaction or item discussed or referenced in this letter.

This ruling is directed only to the taxpayer requesting it. Section 6110(k)(3) of the Code provides that it may not be used or cited as precedent.

A copy of this letter must be attached to any income tax return to which it is relevant.

Sincerely,

Richard L. Chewning  
Senior Counsel, Branch 3  
Office of the Associate Chief Counsel  
(International)

Enclosures (1):  
Copy for 6110 purposes