

Internal Revenue Service

Department of the Treasury

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Washington, DC 20224

Person to Contact:

Telephone Number:

Refer Reply To:
CC:PSI:1-PLR-114556-02
Date:
May 31, 2002

Legend

A =

B =

C =

D =

State =

Date 1 =

Date 2 =

Dear _____ :

This letter responds to a letter dated March 8, 2002, submitted on behalf of A, requesting a ruling that A be granted an extension of time under § 301.9100-3 of the Procedure and Administration Regulations to file an election under § 301.7701-3(c) to be classified as an association taxable as a corporation for federal tax purposes.

Facts

According to the information submitted, B was incorporated on Date 1 under the law of State. On Date 2, B, a corporation, was converted into A, an LLC, under the law of State. A has two members, C and D. A intended to elect to be classified as an association taxable as a corporation for federal tax purposes effective Date 2. However, A inadvertently failed to timely file the proper election.

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Law and Analysis

Section 301.7701-3(b)(1) provides guidance on the classification of a domestic eligible entity for federal tax purposes. Generally, a domestic eligible entity is treated as a partnership if it has two or more members, unless the entity makes an election to be classified otherwise. A domestic eligible entity with two or more members may elect to be classified as an association taxable as a corporation pursuant to the rules under § 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 that 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 section 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

Based solely on the facts submitted and the representations made, we conclude that the requirements of § 301.9100-3 have been satisfied. As a result, A is granted an extension of time of sixty (60) days from the date of this letter to make an election to be treated as a disregarded entity for federal tax purposes effective Date 2. A should make the election by filing a properly executed Form 8832 with the appropriate service center. A copy of this letter should be attached to the form.

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

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.

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Pursuant to the power of attorney on file with this office, a copy of the letter is being sent to your authorized representative.

Sincerely,
Paul F. Kugler
Associate Chief Counsel
(Passthroughs and Special Industries)

Enclosures (2):

Copy of this letter

Copy for § 6110 purposes

CC: