

Internal Revenue Service

Department of the Treasury

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Person to Contact:

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Telephone Number:

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Date:

May 12, 2000

X =

Y =

A =

D1 =

State =

Dear

This letter responds to a letter dated December 28, 1999, and subsequent correspondence, written on behalf of X by its authorized representative, requesting that the Service grant X an extension of time to make an election under § 301.7701-3(c) of the Procedure and Administration Regulations.

The information submitted states that X was created D1 as a result of Articles of Conversion filed by Y converting that entity into a State limited partnership. A, as a partner of X under State law, intended for X to be a classified as a C corporation for federal tax purposes. A relied on X's attorney and accountant to take care of all tax elections and filing requirements. A was not aware that, in order for X to be a corporation as of D1 for federal tax purposes, an election needed to be made by filing Form 8832, Entity Classification Election, within 75 days of D1. Because of confusion between X's attorney and X's accountant, a Form 8832 was not filed for X.

Section 301.7701-3(b)(1) provides guidance on the classification of domestic eligible entities for federal tax purposes. Generally, a domestic eligible entity with two or more members is classified as a partnership unless the entity elects otherwise; while a domestic eligible entity with a single owner is disregarded as a separate entity unless the entity elects otherwise.

Section 301.7701-3(c)(1)(i) provides that an eligible entity

may elect to be classified other than as provided under § 301.7701-3(b) by filing Form 8832, Entity Classification Election, with the appropriate service center. Under § 301.7701-3(c)(1)(iii), the election under § 301.7701-3(c)(1)(i) will be effective on the date specified on the Form 8832 or on the date filed if no such date is specified on the form. The effective date specified on Form 8832 cannot be more than 75 days prior to the date on which the election is filed and cannot be more than 12 months after the date on which the election is filed.

Section 301.9100-1(c) provides that the Commissioner has discretion to grant a reasonable extension of time, under the rules set forth in §§ 301.9100-2 and 301.9100-3, to make a regulatory election. Section 301.9100-1(b) defines a regulatory election as an election whose due date is prescribed by a regulation published in the Federal Register, or a revenue ruling, revenue procedure, notice, or announcement published in the Internal Revenue Bulletin.

Section 301.9100-2 provides the rules governing automatic extensions of time for making certain elections.

Section 301.9100-3 sets forth the standards the Commissioner will use to determine whether to grant an extension of time for regulatory elections that do not meet the requirements of § 301.9100-2. Under § 301.9100-3, a request for relief will be granted when the taxpayer provides evidence to establish to the satisfaction of the Commissioner that (1) the taxpayer acted reasonably and in good faith, and (2) granting relief will not prejudice the interests of the government.

Based on the information submitted and the representations made, we conclude that the requirements of § 301.9100-3 have been satisfied. As a result, X is granted an extension of time for making the election to be classified as an association taxable as a corporation for federal tax purposes until 60 days following the date of this letter. The election should be made by following the procedure set forth in § 301.7701-3(c), including filing Form 8832. A copy of this letter should be attached to the form.

Except as specifically set forth above, no opinion is expressed 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 who requested it. Section 6110(k)(3) of the Code 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 sent to X's authorized representative.

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

Enclosures: 2  
Copy of this letter  
Copy for § 6110 purposes