

**Internal Revenue Service**

Department of the Treasury  
Washington, DC 20224

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Person To Contact:

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Telephone Number:

Refer Reply To:

CC:INTL – PLR-158790-04

Date: April 20, 2006

In Re:

**LEGEND**

Taxpayer

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EIN:

Entity 1

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Entity 2

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Entity 3

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Entity 4

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Entity 5

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Entity 6

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Entity 7

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Entity 8

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Entity 9 =

Entity 10 =

Entity 11 =

Entity 12 =

Entity 13 =

Entity 14 =

Entity 15 =

aa =

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cc =

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mm =  
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Year 1 =  
Year 2 =  
Year 3 =  
Country A =  
Country B =

Dear

This is in response to a letter dated November 2, 2004, in which Taxpayer requests an extension of time under Treas. Reg. § 301.9100-3 to file the annual certifications under Treas. Reg. § 1.1503-2(g)(2)(iv)(B) for losses attributable to the interests in Entities 1 through 15. Additional information was submitted in a letter dated January 24, 2006. The information submitted for consideration is substantially as set forth below.

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The ruling contained in this letter is predicated upon facts and representations submitted by the 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.

During the years Year 1 and Year 2, Taxpayer employed four internal tax professionals to prepare and review its federal consolidated income tax return. These individuals included two tax directors and two tax managers, each of whom worked for one of the tax directors. Each tax director had responsibility for ensuring compliance with the dual consolidated loss rules for a particular group of Taxpayer entities included in Taxpayer's consolidated filing. Both tax directors delegated the actual preparation and review of the annual compliance required by I.R.C. § 1503(d) to their respective tax managers. In preparing Taxpayer's returns for the years in question, both managers determined that the annual certifications under Treas. Reg. § 1.1503-2(g)(2)(iv)(B) were not required for Entities 1 through 15.

Following Year 2, one of the tax managers was promoted and one of the tax directors took over the primary review of the tax return compliance required by I.R.C. § 1503(d). During the review of Taxpayer's tax return the question arose as to whether an annual certification was required for Entities 1 through 15. An outside tax professional was consulted and it was concluded that the annual certifications should have been filed for the Entities 1 through 15.

The interest in Entity 1 is a hybrid entity separate unit as described in Treas. Reg. § 1.1503-2(c)(4). Dual consolidated losses of Amount aa for Year 1 and bb for Year 2 are attributable to the interest in Entity 1. The required annual certifications for the Year 1 and Year 2 losses were not filed with Taxpayer's Year 2 and Year 3 income tax returns, respectively.

The interest in Entity 2 is a hybrid entity separate unit as described in Treas. Reg. § 1.1503-2(c)(4). Dual consolidated losses of Amount cc for Year 1 and Amount dd for Year 2 are attributable to the interest in Entity 2. The required annual certifications for the Year 1 and Year 2 losses were not filed with Taxpayer's Year 2 and Year 3 income tax returns, respectively.

The interest in Entity 3 is a hybrid entity separate unit as described in Treas. Reg. § 1.1503-2(c)(4). Dual consolidated losses of Amount ee for Year 1 and Amount ff for Year 2 are attributable to the interest in Entity 3. The required annual certifications for the Year 1 and Year 2 losses were not filed with Taxpayer's Year 2 and Year 3 income tax returns, respectively.

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The interest in Entity 4 is a hybrid entity separate unit as described in Treas. Reg. § 1.1503-2(c)(4). Dual consolidated losses of Amount gg for Year 1 and Amount hh for Year 2 are attributable to the interest in Entity 4. The required annual certifications for the Year 1 and Year 2 losses were not filed with Taxpayer's Year 2 and Year 3 income tax returns, respectively.

The interest in Entity 5 is a hybrid entity separate unit as described in Treas. Reg. § 1.1503-2(c)(4). A dual consolidated loss of Amount ii for Year 1 is attributable to the interest in Entity 5. The required annual certifications for the Year 1 loss were not filed with Taxpayer's Year 2 and Year 3 income tax returns.

The interest in Entity 6 is a hybrid entity separate unit as described in Treas. Reg. § 1.1503-2(c)(4). Dual consolidated losses of Amount jj for Year 1 and Amount kk for Year 2 are attributable to the interest in Entity 6. The required annual certifications for the Year 1 and Year 2 losses were not filed with Taxpayer's Year 2 and Year 3 income tax returns, respectively.

The interest in Entity 7 is a hybrid entity separate unit as described in Treas. Reg. § 1.1503-2(c)(4). Dual consolidated losses of Amount ll for Year 1 and Amount mm for Year 2 are attributable to the interest in Entity 7. The required annual certifications for the Year 1 and Year 2 losses were not filed with Taxpayer's Year 2 and Year 3 income tax returns, respectively.

The interest in Entity 8 is a hybrid entity separate unit as described in Treas. Reg. § 1.1503-2(c)(4). Dual consolidated losses of Amount nn for Year 1 and Amount oo for Year 2 are attributable to the interest in Entity 8. The required annual certifications for the Year 1 and Year 2 losses were not filed with Taxpayer's Year 2 and Year 3 income tax returns, respectively.

The interest in Entity 9 is a hybrid entity separate unit as described in Treas. Reg. § 1.1503-2(c)(4). Dual consolidated losses of Amount pp for Year 1 and Amount qq for Year 2 are attributable to the interest in Entity 9. The required annual certifications for the Year 1 and Year 2 losses were not filed with Taxpayer's Year 2 and Year 3 income tax returns, respectively.

The interest in Entity 10 is a hybrid entity separate unit as described in Treas. Reg. § 1.1503-2(c)(4). A dual consolidated loss of Amount rr for Year 1 is attributable to the interest in Entity 10. The required annual certifications for the Year 1 loss was not filed with Taxpayer's Year 2 and Year 3 income tax returns.

The interest in Entity 11 is a hybrid entity separate unit as described in Treas. Reg. § 1.1503-2(c)(4). A dual consolidated loss of Amount ss for Year 2 is attributable to the

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interest in Entity 11. The required annual certification for the Year 2 loss was not filed with Taxpayer's Year 3 income tax return.

The interest in Entity 12 is a hybrid entity separate unit as described in Treas. Reg. § 1.1503-2(c)(4). A dual consolidated loss of Amount tt for Year 2 is attributable to the interest in Entity 12. The required annual certification for the Year 2 loss was not filed with Taxpayer's Year 3 income tax return.

The interest in Entity 13 is a hybrid entity separate unit as described in Treas. Reg. § 1.1503-2(c)(4). A dual consolidated loss of Amount uu for Year 2 is attributable to the interest in Entity 13. The required annual certification for the Year 2 loss was not filed with Taxpayer's Year 3 income tax return.

The interest in Entity 14 is a hybrid entity separate unit as described in Treas. Reg. § 1.1503-2(c)(4). A dual consolidated loss of Amount vv for Year 2 is attributable to the interest in Entity 14. The required annual certification for the Year 2 loss was not filed with Taxpayer's Year 3 income tax return.

The interest in Entity 15 is a hybrid entity separate unit as described in Treas. Reg. § 1.1503-2(c)(4). A dual consolidated loss of Amount ww for Year 2 is attributable to the interest in Entity 15. The required annual certification for the Year 2 loss was not filed with Taxpayer's Year 3 income tax return.

Taxpayer has made the following representations with respect to this request for a ruling:

The income tax laws of Country A do not deny the use of losses, expenses, or deductions of Entity 2 to offset income of another person because the dual resident corporation or separate unit is also subject to income taxation by another country on its worldwide income or on a residence basis.

The income tax laws of Country B do not deny the use of losses, expenses, or deductions of Entity 12 to offset income of another person because the dual resident corporation or separate unit is also subject to income taxation by another country on its worldwide income or on a residence basis.

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. § 301.9100-1(c) provides that the Commissioner has discretion to grant a taxpayer a reasonable extension of time, under the rules set forth in Treas. Reg. §

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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. § 301.9100-3(a) provides that requests for relief subject to this section will be granted when the taxpayer provides evidence (including affidavits described in Treas. Reg. § 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 Treas. Reg. § 301.9100-3(b), subject to the conditions set forth in Treas. Reg. § 301.9100-3(b)(3), and the grant of relief will not prejudice the interests of the Government within the meaning of Treas. Reg. § 301.9100-3(c).

In the present situation, the election and agreement described in Treas. Reg. § 1.1503-2(g)(2)(i) is a regulatory election as defined in Treas. Reg. § 301.9100-1(b). Therefore, the Commissioner has discretionary authority under Treas. Reg. § 301.9100-1(c) to grant Taxpayer an extension of time, provided that Taxpayer satisfies the standards for relief as set forth in Treas. Reg. § 301.9100-3.

Based on the information and representations submitted, we conclude that Taxpayer satisfies Treas. Reg. § 301.9100-3(a). Accordingly, Taxpayer is granted an extension of time of 60 days from the date of this ruling letter to file the annual certifications under Treas. Reg. § 1.1503-2(g)(2)(iv)(B) with respect to dual consolidated losses attributable to the interests in Entities 1 through 15 occurring in Year 1 and Year 2.

The granting of an extension of time is not a determination that Taxpayer is otherwise eligible to file the elections and agreements. Treas. Reg. § 301.9100-1(a). For example, a taxpayer that is subject to mirror legislation enacted by a foreign country may be ineligible to file election agreements pursuant to §1.1503-2(c)(15)(iv).

A copy of this ruling letter should be associated with the annual certifications.

This ruling is directed only to the 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.

Sincerely,

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Meryl Silver  
Special Counsel  
Office of Chief Counsel (International)

Enclosures: Copy for 6110 purposes