

Internal Revenue Service

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Person To Contact:
, ID No.

Telephone Number:

Refer Reply To:
CC:INTL
PLR-155274-05

Date:
April 27, 2006

LEGEND

Taxpayer =

Corp A =

S percent =

Date A =

Date B =

CPA =

Firm

Dear :

This replies to your representative's letter dated October 31, 2005, in which your representative requests on behalf of Taxpayer an extension of time under Treas. Reg. §301.9100-3 for Taxpayer to file the agreement described in Treas. Reg. §1.1503-2T(g)(2)(iv)(B)(3)(iii) (new (g)(2)(i) agreement) for the tax year ended on Date A with respect to the dual consolidated losses and respective tax years of the entities listed on Schedule A, which is attached and made a part of this ruling letter. The information submitted for consideration is substantially as set forth below.

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

Taxpayer is the common parent of an affiliated group of corporations that files a consolidated U.S. income tax return. Prior to Date B, which was within the tax year ended on Date A, Taxpayer owned S percent in Corp A. On Date B, Taxpayer acquired the remaining stock of Corp A that Taxpayer did not already own, which caused the Corp A consolidated group to terminate. As a result of this acquisition, Corp A became a member of Taxpayer's consolidated group as defined in Treas. Reg. §1.1503-2(c)(8). This acquisition would, absent relief under Treas. Reg. §1.1503-2(g)(2)(iv), constitute a triggering event under Treas. Reg. §1.1503-2(g)(2)(iii) for the dual consolidated losses of the Corp A Group as listed on Schedule A.

During the tax years indicated on Schedule A, the Corp A Group held investments in partnerships and hybrid entity separate units which incurred net operating losses subject to the dual consolidated loss reporting requirements of Treas. Reg. §§1.1503-2(g)(2) and 2T(g)(2).

Taxpayer's tax department prepared the consolidated U.S. income tax return for the tax year ended on Date A, the tax year of the Corp A acquisition. Parent's tax department also prepared the dual consolidated loss elections and annual certifications to be filed pursuant to Treas. Reg. §§1.503-2(g)(2) and 2T(g)(2). Taxpayer engaged CPA Firm to review the consolidated U.S. income tax return, including a review of the elections and annual certifications prior to them being filed. However, CPA Firm did not discover that a new (g)(2)(i) agreement had not been prepared for filing, nor did it inform Taxpayer that such an agreement was needed.

After the consolidated U.S. income tax return for Date A was filed, a senior vice president of Taxpayer inquired whether any elections were required to be filed in connection with the Corp A acquisition with respect to the dual consolidated losses of the Corp A Group. The vice president-tax researched the issue and discovered that Taxpayer had failed to file the new (g)(2)(i) agreement for the Corp A acquisition.

Taxpayer represents that it filed this application for relief before the Internal Revenue Service discovered the failure to file the new (g)(2)(i) agreement. Treas. Reg. §301.9100-3(b)(1)(i).

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. §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 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 new (g)(2)(i) agreement described in Treas. Reg. §1.1503-2T(g)(2)(iv)(B)(3)(iii) 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 rules set forth in Treas. Reg. §301.9100-3(a).

Based on the facts and representations submitted, we conclude that Taxpayer satisfies the standards for relief as set forth in Treas. Reg. §301.9100-3. Accordingly, Taxpayer is granted an extension of time of 60 days from the date of this ruling letter to file the new (g)(2)(i) agreement for the tax year ended on Date A in accordance with Schedule A.

The granting of an extension of time is not a determination that Taxpayer is otherwise eligible to file the new (g)(2)(i) agreement. Treas. Reg. §301.9100-1(a).

A copy of this ruling letter should be associated with the new (g)(2)(i) agreement.

This ruling is directed only to 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.

Pursuant to a power of attorney on file in this office, a copy of this ruling letter is being furnished to your first and second listed authorized representatives.

Sincerely,

Associate Chief Counsel (International)

By: /s/ Thomas Beem

Thomas D. Beem

Senior Technical Reviewer, Branch 4

Office of the Associate Chief Counsel (International)

Enclosures:

Schedule A

Copy for 6110 purposes