

Internal Revenue Service

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Department of the Treasury

Washington, DC 20224

Third Party Communication: None

Date of Communication: Not Applicable

Person To Contact:

, ID No.

Telephone Number:

Refer Reply To:

CC:INTL:B06

PLR-121681-18

Date:

December 20, 2018

TY:

Legend

Taxpayer =

Shareholder =

Accounting Firm =

Date 1 =

Date 2 =

Year 1=

Dear :

This responds to correspondence dated May 31, 2018 requesting that the Internal Revenue Service ("Service") grant Taxpayer an extension of time under Treas. Reg. §§ 301.9100-1 and 301.9100-3 to file Form 4876-A ("Election To Be Treated as an Interest Charge DISC") for Taxpayer's first taxable year. Additional information was submitted in a letter dated December 3, 2018.

The ruling contained in this letter is based upon information and representations submitted by Taxpayer and Accounting Firm and accompanied by affidavits and penalties of perjury statements executed by appropriate parties. This office has not verified any of the materials submitted in support of the request for a ruling. It is subject to verification on examination.

FACTS

Taxpayer is a domestic corporation wholly owned by Shareholder. Taxpayer was formed on Date 1 to operate as an interest charge domestic international sales corporation ("IC-DISC"). Taxpayer was formed to sell export property of Shareholder internationally on a commission basis.

Shareholder consulted Accounting Firm for advice and assistance with arranging for Taxpayer to qualify as an IC-DISC, including preparation of Form 4876-A. Accounting Firm prepared Form 4876-A and Taxpayer avers that Form 4876-A was executed and mailed to the Service on or around Date 2. It is unclear why the Service did not receive the mailing.

Accounting Firm prepared and Taxpayer timely filed its Form 1120-IC-DISC ("Interest Charge Domestic International Sales Corporation Return") for Year 1. Taxpayer was subsequently notified by the Service that the Year 1 IC-DISC return was not eligible for filing because of the lack of an approved Form 4876-A on file for Taxpayer. Since its incorporation, Taxpayer has conducted business and complied with all relevant rules and procedures consistent with its understanding that it was an IC-DISC.

Accounting Firm submitted this request for relief on behalf of Taxpayer under Treas. Reg. § 301.9100-3 for an extension of time to file Form 4876-A for Year 1, Taxpayer's first taxable year.

LAW AND ANALYSIS

Section 992(b)(1)(A) of the Internal Revenue Code¹ provides that an election by a corporation to be treated as a DISC² shall be made by such corporation for a taxable year at any time during the 90-day period immediately preceding the beginning of the taxable year, except that the Secretary may give his consent to the making of an election at such other times as he may designate.

Section 992(b)(1)(B) provides that the election shall be made in the manner prescribed by the Secretary and shall be valid only if all persons who are shareholders in such corporation on the first day of the first taxable year for which such election is effective consent to the election.

Treasury Regulation § 1.921-1T(b)(1) provides, in part, that a corporation electing IC-DISC status must file Form 4876-A and that a corporation electing to be treated as an IC-DISC for its first taxable year shall make its election within 90 days after the beginning of that year.

¹ Unless specified otherwise, all section references are references to the Internal Revenue Code of 1986, as amended.

² As used in this letter, the terms "IC-DISC" and "DISC" have the same meaning.

Treasury Regulation § 301.9100-1(c) provides, in part, that the Commissioner, in exercising the Commissioner's discretion, may grant a reasonable extension of time under the rules set forth in Treas. Reg. §§ 301.9100-2 and 301.9100-3 to make a regulatory election under all subtitles of the Code except subtitles E, G, H, and I.

Treasury Regulation § 301.9100-1(b) provides that a regulatory election is 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. For this purpose, an election includes an application for relief in respect of tax.

Treasury Regulation § 301.9100-3(a) provides that requests for extensions of time for regulatory elections that do not meet the requirements of Treas. Reg. § 301.9100-2 (automatic extensions) must be made under the rules of Treas. Reg. § 301.9100-3. Requests for relief subject to Treas. Reg. § 301.9100-3 will be granted when the taxpayer provides the 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, and that the grant of relief will not prejudice the interests of the Government.

The IC-DISC election described in Treas. Reg. § 1.921-1T(b)(1) 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 set forth in Treas. Reg. § 301.9100-3.

Based on the facts and representations submitted with Taxpayer's ruling request, 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 Form 4876-A. Such filing will be treated as a timely election to be treated as an IC-DISC for Taxpayer's first taxable year, Year 1.

The granting of an extension in this ruling letter is not a determination that Taxpayer is otherwise eligible to make the election or to claim IC-DISC status or benefits. See Treas. Reg. § 301.9100-1(a). Taxpayer should attach a copy of this ruling letter to its Form 4876-A and Federal income tax return for the taxable years to which this ruling letter applies.

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

In accordance with the Power of Attorney on file with this office, a copy of this letter is being sent to your authorized representatives.

Sincerely,

Christopher J. Bello
Chief, Branch 6
Office of Associate Chief Counsel (International)

Enclosures (2)
Copy of this letter
Copy for § 6110 purposes

cc: