

## Internal Revenue Service

Number: **202225001**

Release Date: 6/24/2022

Index Number: 9100.00-00, 1361.05-00

## 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:PSI:03

PLR-100319-22

PLR-100320-22

PLR-100321-22

Date:

March 31, 2022

Re:

### Legend

X =

Sub1 =

Sub2 =

Sub3 =

State =

Date 1 =

Date 2 =

Date 3 =

Dear \_\_\_\_\_ :

This letter responds to a letter dated December 13, 2021, submitted on behalf of X by its authorized representative, requesting an extension of time under § 301.9100-3 of the Procedure and Administration Regulations for X to elect to treat each of Sub1, Sub2, and Sub3 as a qualified subchapter S subsidiary (QSub) under § 1361(b)(3) of the Internal Revenue Code (Code).

### Facts

Based on the information submitted, X was incorporated under the laws of State. X elected to be treated as an S corporation for federal tax purposes. X intended to elect to treat each of Sub1, Sub2, and Sub3 as a QSub effective Date 1, Date 2, and Date 3, respectively. However, X failed to timely file Form 8869, Qualified Subchapter S Subsidiary Election, for each of Sub1, Sub2, and Sub3.

### Law and Analysis

Section 1361(b)(3)(A) provides that, except as provided in regulations prescribed by the Secretary, for purposes of Title 26, (i) a corporation that is a QSub shall not be treated as a separate corporation, and (ii) all assets, liabilities, and items of income, deduction, and credit of a QSub shall be treated as assets, liabilities, and such items (as the case may be) of the S corporation.

Section 1361(b)(3)(B) provides that, for purposes of § 1361(b)(3), the term “qualified subchapter S subsidiary” means any domestic corporation that is not an ineligible corporation (as defined in § 1361(b)(2)), if (i) 100 percent of the stock of the corporation is held by an S corporation, and (2) the S corporation elects to treat the corporation as a QSub.

Section 1.1361-3(a)(1) through (a)(3) of the Income Tax Regulations provides that the corporation for which a QSub election is made must meet all the requirements of § 1361(b)(3)(B) at the time the election is made and for all periods for which the election is to be effective. An S corporation may elect to treat an eligible subsidiary as a QSub by filing a completed form to be prescribed by the IRS. A QSub election may be made by the S corporation parent at any time during the taxable year.

Section 1.1361-3(a)(4) provides that an election may be effective up to two months and 15 days prior to the date of the election is filed and cannot be more than 12 months after the date the election is filed.

Section 1.1361-3(a)(6) provides that an extension of time to make a QSub election may be available under the procedures applicable under §§ 301.9100-1 and 301.9100-3.

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 301.9100-2 provides automatic extensions of time for making certain elections. Section 301.9100-3 provides rules for requesting extensions of time for regulatory elections that do not meet the requirements of § 301.9100-2.

Section 301.9100-3(a) provides that requests for relief subject to § 301.9100-3 will be granted when the taxpayer provides the evidence (including affidavits described in § 301.9100-3(e)) to establish to the satisfaction of the Commissioner that the taxpayer acted reasonably and in good faith, and the grant of relief will not prejudice the interests of the Government.

### Conclusion

Based solely on the facts submitted and representations made, we conclude that X has satisfied the requirements of §§ 301.9100-1 and 301.9100-3. As a result, X is granted an extension of time of 120 days from the date of this letter to elect to file Form 8869 with the appropriate service center to elect to treat each of Sub1, Sub2, and Sub3, as a QSub, effective Date 1, Date 2, and Date 3, respectively. A copy of this letter should be attached to each Form 8869.

Except as specifically set forth above, we express or imply no opinion concerning the federal tax consequences of the facts of this case under any other provision of the Code and the regulations thereunder. In addition, § 301.9100-1(a) provides that the granting of an extension of time for making an election is not a determination that the taxpayer is otherwise eligible to make the election.

This ruling is directed only to the taxpayer requesting it. According to § 6110(k)(3) of the Code, this ruling may not be used or cited as precedent.

The ruling contained in this letter is based upon information and representations submitted by the taxpayer and accompanied by a penalty of perjury statement executed by an appropriate party. While this office has not verified any of the material submitted in support of the ruling request, it is subject to verification on examination.

Pursuant to the power of attorney on file with this office, we are sending a copy of this letter to X's authorized representative.

Sincerely,

Associate Chief Counsel  
(Passthroughs & Special Industries)

By: \_\_\_\_\_  
Margaret Burow  
Senior Counsel, Branch 3  
Office of the Associate Chief Counsel  
(Passthroughs & Special Industries)

Enclosure  
Copy for § 6110 purposes

cc: