

## Internal Revenue Service

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Department of the Treasury

Washington, DC 20224

[Third Party Communication:

Date of Communication: Month DD, YYYY]

Person To Contact:

, ID No.

Telephone Number:

Refer Reply To:

CC:INTL:B04

PLR-160680-04

Date:

May 04, 2006

Foreign Parent =

Foreign Sub1 =

Foreign Sub2 =

Domestic Sub1 =

Domestic Sub2 =

GP =

Country 1 =

Date 1 =

Date 2 =

Dear :

This replies to letters dated November 17, 2004, in which Taxpayers (Foreign Parent, Foreign Sub1, and Foreign Sub 2) request, under Section 301.9100-3 of the Procedure and Administration Regulations, an extension of time to satisfy the statement, notice and withholding requirements of section 1.897-2(g), section 1.897-2(h) and section 1.1445-2(c)(3) of the Income Tax Regulations with respect to certain transfers occurring on Date 2. The information submitted is substantially as set forth below.

The rulings contained in this letter are 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 request for rulings, it is subject to verification on examination.

Foreign Parent owned 100% of the stock of Foreign Sub 1 and Foreign Sub 2. Foreign Sub 1 owned 100% of the stock of Domestic Sub 1 and Domestic Sub 2.

As part of a reorganization of the Foreign Parent's U.S. subsidiaries ("the Reorganization"), on Date 1, Foreign Sub 1 and Foreign Sub 2 formed GP, which elected to be treated as an association taxable as a corporation for U.S. tax purposes.

In addition, as part of the Reorganization, on Date 2, Foreign Sub 1 transferred all the stock of Domestic Sub 1 to Foreign Parent in exchange for the cancellation by Foreign Parent of certain indebtedness.

On Date 2, Foreign Parent transferred all of the stock of Domestic Sub 1 to Foreign Sub 2 and Foreign Sub 2 transferred all the stock of Domestic Sub 1 to GP.

In addition, on Date 2, Foreign Sub 1 sold all of the shares of Domestic Sub 2 to GP.

Foreign Parent determined that no gain was realized on the transfers of the shares of Domestic Sub 1 and Domestic Sub 2, and consequently, there would be no U.S. federal income tax liability on the transfers under section 897. Since Taxpayer had determined that there would be no substantive federal income tax liability on the transfers, Taxpayer did not make any determination as to whether Domestic Sub 1 and Domestic Sub 2 were U.S. real property holding corporations. As a result, and because of a misunderstanding among taxpayer's advisors, taxpayer did not comply with the statement, notice, and withholding requirements of section 1.897-2(g), section 1.897-2(h) and Section 1.1445-2(c)(3).

Treas. Reg. section 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. section 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 section 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. section 301.9100-3(a) provides that requests for relief subject to this section will be granted when the taxpayer provides the evidence (including affidavits described in section 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.

In the present situation, the statements and notices fall within the definition of a regulatory election. Therefore, the Commissioner has discretionary authority under section 301.9100-1(c) to grant Taxpayers an extension of time, provided that Taxpayers satisfy the standards set forth in section 301.9100-3(a).

Based on the facts and circumstances of this case, we conclude that Taxpayers satisfy section 301.9100-3(a). Accordingly, Taxpayers are granted an extension of time until 60 days from the date of this letter ruling to satisfy the statement, notice and withholding requirements of section 1.897-2(g), section 1.897-2(h) and section 1.1445-2(c)(3) with respect to the transfers of the stock of Domestic Sub 1 and Domestic Sub 2 that occurred on Date 2.

The granting of an extension of time is not a determination that Taxpayer is otherwise eligible to comply with the statement and notice requirements.

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.

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

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

Sincerely,

Christopher Trump  
Assistant to the Branch Chief, Branch 4  
(International)