**Internal Revenue Service**

**Department of the Treasury**

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Washington, DC 20224

Person to Contact:

Telephone Number:

Refer Reply To:
CC:PSI:BO1-PLR-101337-02
Date:
February 12, 2002

Legend

X   =
X1  =
X2  =
X3  =

D1  =
D2  =

Dear                 :

This responds to your letter dated, December 21, 2001, submitted on behalf of
X, requesting and extension of time under § 301.9100-1(c) of the Procedure and
Administration Regulations to elect to treat X1 as a qualified subchapter S subsidiary
(QSub) for federal tax purposes.

Facts

According to the information submitted, X made an election to be treated as an S
corporation, effective on D1. X has three subsidiaries, X1, X2, and, X3. X intended to
file an election for each of its three subsidiaries to be treated as a QSub. X filed QSub
elections for X2 and X3, effective on D1 and D2, respectively. X, intended at all times
to for X1 to be treated as a QSub as of D1, but inadvertently neglected to file the
election.

Law and Analysis

Section 1361(b)(3)(B) of the Internal Revenue Code defines a QSub as a
domestic corporation that is not an ineligible corporation, if 100 percent of the stock of
the corporation is owned by an S corporation, and the S corporation elects to treat the
corporation as a QSub.

A taxpayer makes a QSub election with respect to a subsidiary by filing a Form
8869, Qualified Subchapter S Subsidiary Election, with the appropriate service center.

Section 1.1361-3(a)(4) of the Income Tax Regulations provides that the election
will be effective on the date specified on the election form or on the date the election is

filed if no date is specified.  The effective date specified on the election form cannot be more than two months and 15 days prior to the date of filing and cannot be more than 12 months after the date of filing.

Section 301.9100-1(c) provides that the Commissioner has discretion to grant a reasonable extension of time under the rules set forth in § 301.9100-3 to make a regulatory election.  Section 301.9100-1(b) defines a regulatory election as an election with a due date prescribed by a regulation published in the Federal Register, or a revenue ruling, revenue procedure, notice, or announcement published in the Internal Revenue Bulletin.

Requests for relief under §301.9100-3 will be granted when the taxpayer provides evidence to establish that the taxpayer acted reasonably and in good faith, and that granting relief will not prejudice the interests of the Government.  Section 301.9100-3(a).

Conclusion

Based solely on the facts submitted and the representations made we conclude that X has satisfied the requirements of §§ 301.9100-1 and 301.9100-3.  Accordingly, X is granted an extension of time of sixty (60) days from the date of this letter to elect to treat X1 as a QSub, effective as of D1.  The election should be made by filing Form 8869 with the appropriate service center.  A copy of this letter should be attached to the election.

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.  Specifically, no opinion is expressed concerning whether X is a valid S corporation or whether X1 is a valid QSub.

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.

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

Sincerely,
Paul F. Kugler
Associate Chief Counsel
(Passthroughs and Special Industries)

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