

Internal Revenue Service

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Washington, DC 20224

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Date:

August 12, 2009

LEGEND

Limited 1 =

Limited 2 =

H =

W =

Country =

Territory =

a =

b =

Dear :

This letter responds to a letter dated March 4, 2009, and subsequent correspondence, submitted on behalf of Limited 2 requesting an extension of time under § 301.9100-3 of the Procedure and Administration Regulations for Limited 2 to file an

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election under § 301.7701-3(a) to be classified as a partnership for federal tax purposes.

FACTS

The information submitted discloses that Limited 1 and Limited 2 (“Taxpayers”) were established on a, under the laws of Territory. Each of Taxpayers holds a b interest in real property located in the Country. Taxpayers are equally owned by H and W, who are married U.S. citizens residing in the Country. H and W intended Taxpayers to be partnerships for federal tax purposes and have consistently treated Taxpayers as such since their date of formation. However, Taxpayers each inadvertently failed to timely file a Form 8832, Entity Classification Election.

LAW AND ANALYSIS

Section 301.7701-3(a) provides, in part, that a business entity that is not classified as a corporation under § 301.7701-2(b)(1), (3), (4), (5), (6), (7), or (8) (an eligible entity) can elect its classification for federal tax purposes as provided in § 301.7701-3. An eligible entity with at least two members can elect to be classified as either an association (and thus a corporation under § 301.7701-2(b)(2)) or a partnership, and an eligible entity with a single owner can elect to be classified as an association or to be disregarded as an entity separate from its owner.

Section 301.7701-3(b)(2)(i) provides that, except as provided in § 301.7701-3(b)(3), unless the entity elects otherwise, a foreign eligible entity is: (A) a partnership if it has two or more members and at least one member does not have limited liability; (B) an association if all members have limited liability; or (C) disregarded as an entity separate from its owner if it has a single owner that does not have limited liability. Section 301.7701-3(b)(2)(ii) provides, in part, that for purposes of § 301.7701-3(b)(2)(i), a member of a foreign eligible entity has limited liability if the member has no personal liability for the debts of or claims against the entity by reason of being a member.

Section 301.7701-3(c)(1)(i) provides, in part, that, except as provided in § 301.7701-3(c)(1)(iv) and (v), an eligible entity may elect to be classified other than as provided under § 301.7701-3(b), or to change its classification, by filing Form 8832 with the service center designated on Form 8832.

Section 301.7701-3(c)(1)(iii) provides, in part, that an election made under § 301.7701-3(c)(1)(i) will be effective on the date specified by the entity on Form 8832 or on the date filed if no such date is specified on the election form. The effective date specified on Form 8832 can not be more than 75 days prior to the date on which the election is filed and can not be more than 12 months after the date on which the election is filed.

Under § 301.9100-1(c), the Commissioner may grant a reasonable extension of time to make a regulatory election, or a statutory election (but no more than six months except in the case of a taxpayer who is abroad), under all subtitles of the Internal Revenue Code (Code) except subtitles E, G, H, and I. Section 301.9100-1(b) provides that the term “regulatory election” includes an election whose due date is prescribed by a regulation published in the Federal Register.

Sections 301.9100-1 through 301.9100-3 provide the standards 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 extensions of time for making elections that do not meet the requirements of § 301.9100-2.

Section 301.9100-3(a) provides that requests for relief under § 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 on the facts and representations submitted, Taxpayers have established that the requirements of §§ 301.9100-1 and 301.9100-3 are satisfied. Consequently, Limited 2 is granted an extension of time of 60 days from the date of this letter to elect under § 301.7701-3 to be treated as a partnership, effective a. Limited 2 must file Form 8832 within the extension period with the appropriate service center, with a copy of this letter attached.

Except for the specific ruling 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. 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 taxpayers are otherwise eligible to make the election.

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

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Pursuant to a power of attorney on file with this office, we are sending a copy of this letter to Taxpayers' authorized representatives.

Sincerely,

/s/

CURT G. WILSON
Associate Chief Counsel
(Passthroughs & Special Industries)

Enclosures: 2 copies of this letter
Copy for § 6110 purposes