

## Internal Revenue Service

Department of the Treasury  
Washington, DC 20224

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9100.15-00

Third Party Communication: None  
Date of Communication: Not Applicable

Person To Contact:  
, ID No.

Telephone Number:

Refer Reply To:  
CC:PSI:03  
PLR-107688-19, et al.

Date:  
October 02, 2019

### Legend

X =

Date 1 =

Date 2 =

State =

Dear :

This letter responds to a letter dated April 5, 2019, and subsequent correspondence, submitted on behalf of X requesting an extension of time under §301.9100-3 of the Procedure and Administration Regulations to file an election under §754 of the Internal Revenue Code (Code).

### Facts

The information submitted states that X is a State limited liability company that is classified as a partnership for federal tax purposes. Interests in X were transferred on Date 1. X's tax return for its Date 2 taxable year was timely filed, but a §754 election to adjust the basis of partnership property was inadvertently not filed with the return. X represents that it has acted reasonably and in good faith, and that granting relief will not prejudice the interests of the Government.

### Law and Analysis

Section 754 provides, in part, that if a partnership files an election, in accordance with the regulations prescribed by the Secretary, the basis of partnership property is

adjusted, in the case of a distribution of property, in the manner provided in §734, and, in the case of a transfer of a partnership interest, in the manner provided in §743. Such an election shall apply with respect to all distributions of property by the partnership and to all transfers of interests in the partnership during the taxable year with respect to which the election was filed and all subsequent taxable years.

Section 1.754-1(b)(1) of the Income Tax Regulations provides, in part, that an election under §754 to adjust the basis of partnership property under §§ 734(b) and 743(b) with respect to a distribution of property to a partner or a transfer of an interest in a partnership, shall be made in a written statement filed with the partnership return for the taxable year during which the distribution or transfer occurs. For the election to be valid, the return must be filed not later than the time prescribed by §1.6031(a)-1(e) (including extensions thereof) for filing the return for the taxable year.

Section 301.9100-1(c) provides that the Commissioner may grant a reasonable extension of time to make a regulatory election, or a statutory election (but no more than 6 months except in the case of a taxpayer who is abroad), under all subtitles of the Code except subtitles E, G, H, and I. Section 301.9100-1(b) defines the term "regulatory election" as 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.

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 the rules governing automatic extensions of time for making certain elections. Section 301.9100-3 provides the standards the Commissioner will use to determine whether to grant an extension of time for regulatory elections that do not meet the requirements of §301.9100-2.

Under §301.9100-3, a request for relief 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 (1) the taxpayer acted reasonably and in good faith, and (2) the grant of relief will not prejudice the interests of the Government.

### Conclusion

Based solely upon the facts submitted and the representations made, we conclude that the requirements of §§ 301.9100-1 and 301.9100-3 have been satisfied. As a result, X is granted an extension of time of 120 days from the date of this letter to make a §754 election for its Date 2 taxable year and thereafter. The election should be made in a written statement filed with the appropriate service center for association with X's return for its Date 2 taxable year. A copy of this letter should be attached to the statement filed.

X must calculate the adjustments under §734(b) and (c), and §1.755-1(c), as if X had timely made the §754 election and allocated the increase in basis among the properties held by X at that time. If the statutory period of limitation on assessment or filing a claim for refund has expired for any year subject to this grant of late relief, then, as a condition of this late relief, the partners of X must reduce their respective basis of their interests in X to reflect any additional basis adjustments under §734 that would have been allocated under §755 to any properties sold in such years as if the §754 election had been timely made in proportion to their interests in X.

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. Specifically, we express no opinion as to whether X is a partnership for federal tax purposes.

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.

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

Sincerely,

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Stacy L. Short  
Senior Technician Reviewer, Branch 3  
Office of Associate Chief Counsel  
(Passthroughs & Special Industries)

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

cc:

PLR-107688-19,

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**List of entities receiving ruling**

Name	PLR	EIN	Entity Type	State
	PLR-107688-19			
	PLR-107727-19			