

INTERNAL REVENUE SERVICE  
Index Nos: 9100.00-00, 7701.00-00  
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Sept 20, 1999

X =

Country =

Date 1 =

Date 2 =

Date 3 =

Dear :

This is in reply to your letter dated May 3, 1999, and subsequent correspondence submitted on behalf of X, requesting a ruling that X be given an extension of time to elect to be treated as a partnership for federal tax purposes.

The information submitted states that X is a Country International Business Company formed on Date 1. No owner of an interest in X has unlimited liability as defined under § 301.7701-3(b)(2)(ii) of the Procedure and Administration Regulations. X intended to elect partnership tax treatment for federal tax purposes effective on Date 2. The election, however, which was filed on Date 3, was not timely.

Section 301.7701-3(a) provides 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. A "business entity" is any entity recognized for federal tax purposes that is not properly classified as a trust under § 301.7701-4 or otherwise subject to special treatment under the Internal Revenue Code. Section 301.7701-2(a). An eligible entity with at least two members may elect to be classified as either an association (and thus a corporation under § 301.7701-2(b)(2)) or a partnership.

Section 301.7701-3(b)(2)(i) provides that unless a foreign

eligible entity elects otherwise, the 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 owners if it has a single owner that does not have limited liability.

Section 301.7701-3(b)(2)(ii) provides 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.

To elect to be classified other than as provided in § 301.7701-3(b), an eligible entity must file Form 8832, Entity Classification Election, with the designated service center. Section 301.7701-3(c)(1)(i). An election will be effective on the date specified on the Form 8832 or on the date filed if no such date is specified. The effective date specified on the Form 8832 cannot be more than 75 days prior to the date the election is filed. Section 301.7701-3(c)(2)(iii).

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 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.

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).

Based solely on the facts submitted and representations made, we conclude that the requirements of § 301.9100-3 have been satisfied. As a result, X is granted an extension of time to elect to be treated as a partnership, effective Date 2, until 60 days following the date of this letter. The election under § 301.7701-3(c) results in a deemed liquidation of X causing a disposition under § 1291 with regard to its U.S. shareholders, except to the extent § 1291(d) applies to U.S. shareholders that have made the qualifying electing fund election. A copy of this letter should be attached to the Form 8832.

Except as specifically ruled above, we express no opinion concerning the federal tax consequences of the transactions

described above under any other provisions of the Code.

This ruling is directed only to the taxpayers who requested it. Section 6110(k)(3) provides that it may not be used or cited as precedent.

Pursuant to the power of attorney on file with this office, a copy of this letter is being sent to X.

Sincerely,

PAUL F. KUGLER  
Assistant Chief Counsel  
(Passthroughs and  
Special Industries)

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