

Internal Revenue Service

Department of the Treasury

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Person to Contact:

Telephone Number:

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Date:

November 16, 1999

Legend

X =

State =

Date 1 =

Date 2 =

This responds to a letter submitted on behalf of X asking for a ruling that, if X converts from a State corporation to a State limited partnership (LP), and LP elects to be taxed as a corporation effective on the date of conversion, at no point in time will X or LP be treated as an entity other than a corporation for federal tax purposes.

FACTS

X was incorporated in State on Date 1. X intends to convert to LP in State on Date 2. Effective Date 2, LP will elect to be taxed as a corporation for federal tax purposes.

LAW AND ANALYSIS

Section 301.7701-3T(a) of the Temporary Regulations provides that a business entity that is not classified as a corporation under section 301.7701-2(b)(1), (3), (4), (5), (6), (7), or (8) (an eligible entity) may elect to be classified as an association taxable as a corporation.

Under section 301.7701-3(c)(1)(i) of the Procedure and Administration

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Regulations, an eligible entity may elect to be classified as a corporation by filing a Form 8832 (Entity Classification Election). Section 301.7701-3(c)(1)(iii) provides that an election made under paragraph (c)(1)(i) will be effective on the date specified by the entity on Form 8832 or on the date filed if no date is specified on the election form. The effective date cannot be more than 75 days prior to the date on which the election is filed and cannot be more than 12 months after the date on which the election is filed.

CONCLUSION

If X converts to LP on Date 2 and LP properly elects to be taxed as a corporation effective Date 2, at no point in time on Date 2 will X or LP be treated as converting to an entity that is classified, for federal tax purposes, as other than a corporation.

Except as specifically set forth above, we express no opinion concerning the federal tax consequences of the transactions described above under any other provision in the Code. In particular, no opinion is expressed on whether the conversion is a reorganization under section 368.

This ruling is directed only to the taxpayer that requested it. Section 6110(k)(3) provides that it may not be used or cited as precedent. Pursuant to a power of attorney on file in this office, a copy of this letter is being sent to X's authorized representatives.

Sincerely,

Signed/Daniel J. Coburn
DANIEL J. COBURN
Assistant Branch Chief, Branch 1
Office of the Assistant Chief Counsel
(Passthroughs & Special Industries)

Enclosures (2)
Copy of this letter
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