

Internal Revenue Service

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Department of the Treasury
Washington, DC 20224

Third Party Communication: None
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Person To Contact:
, ID #

Telephone Number:

Refer Reply To:
CC:PSI:B03
PLR-123858-18
Date: November 8, 2018

LEGEND

X =

State =

D1 =

D2 =

D3 =

Dear :

This letter responds to a letter dated July 19, 2018, submitted on behalf of X, requesting a ruling under § 301.7701-3(c)(1)(iv) of the Procedure and Administration Regulations. Specifically, your letter requests the Service's consent to change X's classification from a partnership to an association taxable as a corporation.

FACTS

According to the information submitted, X, under a prior name, was formed on D1 under the laws of State. X's initial classification by election was an association taxable as a corporation for federal tax purposes. Effective D2, X filed Form 8832, Entity Classification Election, to change its classification to a disregarded entity. As of D3, X had a change in ownership of more than fifty percent that, it represents, would satisfy § 301.7701-3(c)(1)(iv). As a result of having more than one member, X is currently classified as a partnership for federal tax purposes.

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. Elections are necessary only when an eligible entity chooses to change its classification.

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 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.

Section 301.7701-3(c)(1)(iv) provides that, if an eligible entity makes an election under § 301.7701-3(c)(1)(i) to change its classification, the entity cannot change its classification by election again during the sixty months succeeding the effective date of the election. However, the Commissioner may permit the entity to change its classification by election within the sixty months if more than fifty percent of the ownership interests in the entity as of the effective date of the subsequent election are owned by persons that did not own interests in the entity on the filing date or on the effective date of the entity's prior election.

CONCLUSION

Based solely upon the facts submitted and the representations made, we consent to X changing its classification by election to an association taxable as a corporation for federal tax purposes under § 301.7701-3(c)(1)(iv). X should file a Form 8832, Entity Classification Election, with the appropriate service center and attach a copy of this letter to the election.

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 or imply no opinion regarding whether the taxpayer is otherwise eligible to make the election.

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

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.

Under a power of attorney on file with this office, we are sending a copy of this letter to X's authorized representative.

/s/

Richard T. Probst
Senior Technician Reviewer
Office of the Associate Chief Counsel
(Passthroughs & Special Industries)

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