

Internal Revenue Service

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Washington, DC 20224

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Person To Contact:
, ID No.

Telephone Number:

Refer Reply To:
CC:PSI:B03
PLR-131664-18

Date:
March 22, 2019

Legend

X =

State =

Date1 =

Date2 =

Date3 =

Date4 =

Dear :

This letter responds to a letter dated September 14, 2018, and subsequent correspondence 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 an association taxable as a corporation to a partnership effective Date3.

FACTS

The information submitted states that on Date1, X was formed under the laws of State as a limited liability company. Effective Date2, X filed a Form 8832, Entity Classification Election, to change its classification to an association taxable as a corporation. On Date3, X had a change in ownership of more than fifty percent that would satisfy § 301.7701-3(c)(1)(iv). On Date4, X filed a timely Form 8832 to change its classification to a partnership effective Date3. The IRS Service Center denied the

change in classification due to the prior classification change effective on Date2, which was within the 60-month period set forth in § 301.7701-3(c)(1)(iv).

LAW AND ANALYSIS

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 as provided in § 301.7701-3. Elections are necessary only when an eligible entity does not want to be classified under the default classification or when an eligible entity chooses to change its classification.

Section 301.7701-3(b)(1) provides that, unless the entity elects otherwise, a domestic eligible entity is (i) a partnership if it has two or more members; or (ii) disregarded as an entity separate from its owner if it has a single owner.

Section 301.7701-3(c)(1)(i) provides 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 that an election made under § 301.7701-3(c)(1)(i) will be effective on the date specified by the entity on the Form 8832 or on the date filed if no 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 any interests in the entity on the filing date or on the effective date of the entity's prior election.

CONCLUSION

Based solely on the information submitted and the representations made, we consent to X changing its classification to a partnership for federal tax purposes effective Date3 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 as expressly provided herein, we express or imply no opinion concerning the federal tax consequences of any transaction or item discussed or referenced in this letter. Specifically, we express or imply no opinion regarding whether X is otherwise eligible to make the election.

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. According to § 6110(k)(3), this ruling may not be used or cited as precedent.

Sincerely,

James A. Quinn
Senior Counsel, Branch 3
Office of the Associate Chief Counsel
(Passthroughs & Special Industries)

Enclosures (2)
Copy of this letter
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