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The ruling contained in this letter is predicated upon facts and representations submitted by the taxpayer and accompanied by a penalty of perjury statement executed by an appropriate party. This office has not verified any of the material submitted in

support of the request for a ruling. Verification of the factual information, representations, and other data may be required as part of the audit process.

Taxpayer is an associated reinsurance company organized under the laws of Country. Taxpayer reinsures certain finance and insurance products sold by (a) Company, a third party unrelated program administrator and (b) related Businesses. Taxpayer engaged the services of Company to manage its operations, maintain compliance with all applicable laws and regulations, and prepare Taxpayer's federal income tax returns. Company employed CPA to conduct tax compliance management for its clients, including Taxpayer. CPA has many years of experience with captive insurance company formations and operations. Both Company and CPA were tasked with the responsibility of filing Taxpayer's federal income tax returns, including making valid elections when appropriate.

Taxpayer intended to make the section 953(d) election by filing an election statement with the IRS when filing its corporate income tax return for Year. Further, Company filed an income tax return on Taxpayer's behalf consistent with that position for Year and subsequent years. However, Taxpayer was unaware that such election was not made. Taxpayer became aware of the missing election in Date and took corrective action.

Taxpayer's failure to make the section 953(d) election was not discovered by the Internal Revenue Service before Taxpayer submitted its ruling request. In addition, Taxpayer represents that it does not seek to alter a return position for which the accuracy-related penalty has been or could have been imposed under section 6662 at the time Taxpayer requested relief, and the new position requires or permits a regulatory election for which relief is requested. Finally, Taxpayer represents that it has not used hindsight to seek an extension of time to make the election. Taxpayer represents that granting relief will not result in a lower tax liability than it would have had if it had filed the section 953(d) election timely.

Treas. Reg. § 301.9100-1(c) provides that the Commissioner has discretion to grant a taxpayer a reasonable extension of time, under the rules set forth in Treas. Reg. § 301.9100-3, to make a regulatory election under all subtitles of the Code, except subtitles E, G, H, and I.

Treas. Reg. § 301.9100-1(b) provides that an election includes an application for relief in respect of tax, and defines a regulatory election as an election whose due date is prescribed by a regulation, a revenue ruling, revenue procedure, notice, or announcement.

Treas. Reg. § 301.9100-3(a) provides that requests for relief subject to this section will be granted when the taxpayer provides the evidence (including affidavits described in Treas. Reg. § 301.9100-3(e)) to establish to the satisfaction of the

Commissioner that the taxpayer acted reasonably and in good faith, and the grant of relief will not prejudice the interests of the Government.

Treas. Reg. § 301.9100-3(b)(1) provides that except as provided in paragraphs (b)(3)(i) through (iii) of that section, a taxpayer is deemed to have acted reasonably and in good faith if it meets one of the conditions described in Treas. Reg. § 301.9100-3(b)(1)(i) through (v).

Treas. Reg. § 301.9100-3(c)(1) provides that relief will be granted only when the interests of the Government will not be prejudiced.

Rev. Proc. 2003-47, 2003-2 C.B. 55, 56, provides that the election to be treated as a domestic corporation under section 953(d), to be effective for a taxable year, must be filed by the due date prescribed in section 6072(b) (with extensions) for the United States income tax return that is due if the election becomes effective.

In the present situation, Rev. Proc. 2003-47 fixes the time to make the election under section 953(d). Therefore, the Commissioner has discretionary authority under Treas. Reg. § 301.9100-1(c) to grant Taxpayer an extension of time, provided that Taxpayer satisfies the standards set forth under Treas. Reg. § 301.9100-3(a).

Based on the facts and information submitted, we conclude that Taxpayer satisfies Treas. Reg. § 301.9100-3(a). Accordingly, Taxpayer is granted an extension of time of 60 days from the date of this ruling letter to make the election provided by section 953(d), in accordance with the procedural rules set forth in Rev. Proc. 2003-47, to be treated as a domestic corporation for federal income tax purposes effective for Year.

The above extension of time is conditioned on Taxpayer's tax liability (if any) being not lower, in the aggregate, for all years to which the section 953(d) election applies than it would have been if the election had been timely filed (taking into account the time value of money). No opinion is expressed as to Taxpayer's tax liability for the taxable years involved. Further, the granting of the above extension is not a determination that Taxpayer is otherwise eligible to make the section 953(d) election. Treas. Reg. § 301.9100-1(a).

Taxpayer should attach a copy of this letter ruling to its federal income tax return for the relevant year.

This ruling is directed only to the taxpayer who 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 ruling letter is being furnished to your authorized representative.

Sincerely,

Kristine A. Crabtree
Senior Technical Reviewer, Branch 2
(International)

cc: