

In re: PLR-110678-06

unrelated corporation. The split-off transaction constituted a triggering event under Treas. Reg. § 1.1503-2(g)(2)(iii) and, in order to avoid the recapture of certain dual consolidated losses, Taxpayer and Subsidiary were required pursuant to Treas. Reg. § 1.1503-2(g)(2)(iv) to enter into a closing agreement with the Internal Revenue Service.

Section 3.02 of Rev. Proc. 2000-42 provides that a taxpayer must enter into a closing agreement with the Internal Revenue Service before the taxpayer files its tax return for the taxable year of a triggering event. Alternatively, the taxpayer may submit its request for a closing agreement by the due date of its return (including extensions) for the triggering event year. Taxpayer and Subsidiary neglected to enter into such an agreement in a timely manner.

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. § 301.9100-1(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 Internal Revenue Code, except subtitles E, G, H, and I.

Treas. Reg. § 301.9100-3(a) provides that requests for relief subject to this section will be granted when the taxpayer provides 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.

The request to enter into a closing agreement is a regulatory election as defined in Treas. Reg. § 301.9100-1(b). Therefore, the Commissioner has discretionary authority under Treas. Reg. § 301.9100-1(c) to grant an extension of time, provided the requirements set forth in Treas. Reg. § 301.9100-3(a) are satisfied.

Based on the facts and information submitted, we conclude that Taxpayer and Subsidiary have satisfied Treas. Reg. § 301.9100-3(a). Accordingly, Taxpayer and Subsidiary are granted an extension of time of 60 days from the date of this ruling letter to submit a request to enter into a closing agreement pursuant to Rev. Proc. 2000-42.

The granting of an extension of time is not a determination that Taxpayer and Subsidiary are otherwise eligible to enter into a closing agreement. Treas. Reg. § 301.9100-1(a).

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A copy of this ruling letter should be associated with the request to enter into the closing agreement.

This ruling is directed only to the taxpayer who requested it. I.R.C. § 6110(k)(3) provides that it may not be used or cited as precedent. No ruling has been requested, and none is expressed, as to the application of any other section of the Code or regulations to the facts presented.

Pursuant to a power of attorney on file in this office, a copy of this ruling letter is being furnished to Taxpayer's authorized representatives.

Sincerely,

Christopher L. Trump
Assistant to the Branch Chief, Branch 4
Office of Chief Counsel (International)

Enclosure:
Copy for 6110 purposes