Internal Revenue Service

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Department of the Treasury
Washington, DC 20224

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Person To Contact:
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Refer Reply To:
CC:INTL
PLR-144415-05

Date:
February 17, 2006

LEGEND

Taxpayer =

DE A =
Corp S =
Corp T =
Date One =
Tax Year One =
Tax Year Two =
CPA Firm =

Dear :

This replies to your representative's letter dated August 22, 2005, in which your representative requests on behalf of Taxpayer an extension of time under Treas. Reg. §301.9100-3 to attach to an amended U.S. consolidated federal income tax return for Tax Year One, the documentation required under §1.1503-2(g)(2)(iii)(B) to rebut the presumption that the Date One transfer by DE A of most of its assets and liabilities to Corp T constituted a triggering event within the meaning of §1.1503-2(g)(2)(iii)(A)(5). The information submitted for consideration is substantially as set forth below.

The ruling contained in this letter is predicated upon facts and representations submitted by 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 a part of the audit process.

Corp S, a foreign corporation, wholly owns Taxpayer. Taxpayer is the common parent of an affiliated group that files a U.S. consolidated federal income tax return. On Date One which is in Tax Year One, Taxpayer indirectly owned all of the stock of DE A, a foreign corporation. On Date One and for several prior years, DE A was a disregarded entity for federal income tax purposes and was considered a hybrid entity separate unit within the meaning of Treas. Reg. §1.1503-2(c)(4). Therefore, DE A was a dual resident corporation within the meaning of §1.1503-2(c)(2).

For several years prior to Date One, DE A incurred dual consolidated losses (DCLs) within the meaning of Treas. Reg. §1.1503-2(c)(5). Taxpayer included the DCLs and the required elections and annual certifications under Treas. Reg. §1.1503-2(g)(2)(i) and (vi)(B), respectively, with respect to those DCLs in its U.S. consolidated federal income tax returns for those prior years.

On Date One, DE A transferred most of its assets and liabilities to Corp T, a foreign corporation that is indirectly wholly-owned by Corp S. Taxpayer did not include on its U.S. consolidated federal income tax return for Tax Year One the documentation required by Treas. Reg. §1.1503-2(g)(2)(iii)(B) to rebut the presumption that the transfer on Date One was a triggering event within the meaning of §1.1503-2(g)(2)(iii)(A)(5). Taxpayer's personnel were unaware that the Date One transfer constituted a triggering event. CPA Firm prepared Taxpayer's return for Tax Year One but was not told of the Date One transfer.

Late in Tax Year Two, during discussions between Taxpayer's recently hired tax personnel and CPA Firm, the failure to file the documentation required by Treas. Reg. §1.1503-2(g)(2)(iii)(B) with respect to the Date One transfer was discovered.

Taxpayer represents that it filed this application for relief before the Internal Revenue Service discovered the failure to file the documentation required by Treas. Reg. §1.1503-2(g)(2)(iii)(B) with respect to the Date One transfer. Treas. Reg. §301.9100-3(b)(1)(i).

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 §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. §301.9100-1(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

§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.

In the present situation, the requirement in Treas. Reg. §1.1503-2(g)(2)(iii)(B) that a taxpayer must submit documentation to rebut the presumption that an asset transfer was a triggering event is a regulatory election as defined in §301.9100-1(b). Therefore, the Commissioner has discretionary authority under §301.9100-1(c) to grant Taxpayer an extension of time, provided that Taxpayer satisfies the rules set forth in §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 attach to an amended federal income tax return for Tax Year One, the documentation required under §1.1503-2(g)(2)(iii)(B) to rebut the presumption that the transfer by DE A of most of its assets and liabilities on Date One constituted a triggering event within the meaning of §1.1503-2(g)(2)(iii)(A)(5).

No opinion is expressed as to whether Taxpayer has rebutted the presumption that the transfer by DE A of most of its assets and liabilities on Date One constitutes a triggering event within the meaning of §1.1503-2(g)(2)(iii)(A)(5).

A copy of this ruling letter should be associated with the rebuttal documents. 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 your authorized representative.

Sincerely,

Associate Chief Counsel (International)

By: /s/ Richard L. Chewning
Richard L. Chewning
Senior Counsel
Office of Associate Chief Counsel (International)

Enclosure:
Copy for 6110 purposes