

**Internal Revenue Service**

Department of the Treasury  
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- Legend
- Agency =
- Taxpayer =
- Address =
- BINs =
- Year 1 =
- Year 2 =
- Year 3 =
- X =
- Y =
- Z =
- A =

B =

C =

Dear \_\_\_\_\_ :

This letter responds to a letter dated April 14, 2014 submitted on behalf of Agency and Taxpayer by their authorized representatives requesting permission under § 42(n)(4) of the Internal Revenue Code and § 1.42-13(b) of the Income Tax Regulations for Agency to correct an administrative error or omission relating to the allocation of low-income housing credit dollar amounts.

In Year 1, Agency issued Taxpayer a reservation certificate, reserving a total of \$A of low-income housing credit for a project to be completed at Address. The reservation certificate required Taxpayer to place all of the project buildings in service no later than the end of Year 3. The project consists of X buildings. Y of the buildings were placed in service in Year 2, and the remaining Z buildings were placed in service in Year 3.

Agency issued a Year 1 carryover allocation of \$B of low-income housing credit to the project and assigned BINs to the X buildings. Agency issued a second carryover allocation of \$C of low-income housing credit to the project in Year 3, listing the same X buildings identified by BINs as those listed in the Year 1 carryover allocation. Agency and Taxpayer represent that both the Year 1 and Year 3 carryover allocations contain the information for carryover allocations required in § 1.42-6(d)(2)(i)-(x). The Year 1 and Year 3 carryover allocations total \$A of low-income housing credit, and neither of the carryover allocations indicate specific amounts of low-income housing credit to any of the X buildings identified by BINs.

In Year 3, Agency issued two Forms 8609, Low-Income Housing Credit Allocation and Certification, to each of the X buildings identified by BINs, intending to specify how much each building received from the \$A in total low-income housing credit allocated to the project. The Forms 8609 reflect \$B of credit allocations from Agency's Year 1 credit ceiling, and \$C of credit allocations from Agency's Year 3 credit ceiling, totaling the intended allocation amount of \$A of low-income housing credit for the project. Some Forms 8609 incorrectly attribute credit from Agency's Year 3 credit ceiling to the Y buildings that were placed in service in Year 2. Agency represents it intended that each building's allocation amount for Year 1 and Year 3 was as follows:

<u>BIN Number</u>	<u>Year 1 Housing Credit Allocation</u>
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<u>BIN Number</u>	<u>Year 3 Housing Credit Allocation</u>
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Section 42(n)(4) provides the Secretary shall prescribe such regulations as may be necessary or appropriate to carry out the purposes of this section including regulations providing the opportunity for housing credit agencies to correct administrative errors and omissions with respect to allocations and record keeping within a reasonable period after their discovery, taking into account the availability of regulations and other administrative guidance from the Secretary.

Section 1.42-13(b)(1) provides that an Agency may correct an administrative error or omission with respect to allocations and recordkeeping, as described in § 1.42-13(b)(2), within a reasonable period after the Agency discovers the administrative error or omission. Whether a correction is made within a reasonable period depends on the facts and circumstances of each situation. The administrative errors and omissions do not include, for example, any misinterpretation of the applicable rules and regulations under § 42.

Section 1.42-13(b)(2) provides that an administrative error or omission is a mistake that results in a document that inaccurately reflects the intent of the Agency at the time the document is originally completed or, if the mistake affects a taxpayer, a document that inaccurately reflects the intent of the Agency and the affected taxpayer at the time the document is originally completed.

Under § 1.42-13(b)(3)(iii), a state agency must obtain the Secretary's approval to correct an administrative error or omission, as described in § 1.42-13(b)(2), if the

correction is not made before the close of the calendar year of the error or omission and the correction--(A) is a numerical change to the housing credit dollar amount allocated for the building or project; (B) affects the determination of any component of the State's housing credit ceiling under § 42(h)(3)(C); or (C) affects the State's unused housing credit carryover that is assigned to the Secretary under § 42(h)(3)(D).

Based solely on the representations and the relevant law and regulations set forth above, we conclude that Agency committed an administrative error that resulted in documents that inaccurately reflected the intent of the Agency and the affected Taxpayer at the time the documents were originally completed. Further, Agency attempted to correct the administrative error within a reasonable time after discovery. The correction was not made before the close of the calendar year of the error and the correction results in a numerical change to the housing credit dollar amount allocated to the X buildings identified by BINs. We approve of Agency correcting its administrative error.

To correct this administrative error, Agency must do the following:

1. File amended Forms 8609 to reflect that low-income housing credit from its Year 1 credit ceiling is allocated to each of the X buildings identified by BINs in the following amounts:

<u>BIN Number</u>	<u>Year 1 Housing Credit Allocation</u>
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2. File amended Forms 8609 to reflect that low-income housing credit from its Year 3 credit ceiling is allocated to each of the Z buildings identified by BINs in the following amounts:

<u>BIN Number</u>	<u>Year 3 Housing Credit Allocation</u>
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3. To the extent the corrections permitted by this ruling affect any information provided by Agency on any previously filed Form 8610, Annual Low-Income Housing Credit Agencies Report, Agency must file amended Form(s) 8610 to provide corrected information that is consistent with this ruling.

Except as expressly provided herein, no opinion is expressed or implied concerning the tax consequences of any aspect of any transaction or item discussed or referenced in this letter. Specifically, we express no opinion on whether the Forms 8609 for the X buildings identified by BINs were timely or correctly filed, or whether any of the X buildings identified by BINs otherwise qualify for credit under § 42.

This ruling is directed only to the Agency and Taxpayer requesting it. Section 6110(k)(3) of the Code provides that it may not be used or cited as precedent.

In accordance with the Powers of Attorney on file with this office, a copy of this letter is being sent to the authorized representatives.

The rulings contained in this letter are based upon information and representations submitted by Agency and Taxpayer and accompanied by penalty of perjury statements executed by the appropriate parties. While this office has not verified any of the material submitted in support of the request for rulings, it is subject to verification on examination.

Sincerely,

Christopher J. Wilson  
Senior Counsel, Branch 5  
Office of Associate Chief Counsel  
(Passthroughs & Special Industries)

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