

Internal Revenue Service

Department of the Treasury
Washington, DC 20224

Number: **202537002**

Release Date: 9/12/2025

Index Number: 9100.04-00

Third Party Communication: None
Date of Communication: Not Applicable

Person To Contact:
, ID No.

Telephone Number:

Refer Reply To:
CC:ITA:B07
PLR-101945-25

Date:
June 11, 2025

Re: Request for Extension of Time to Make the Election Not to be Treated as a Tax-
Exempt Controlled Entity

Legend

Taxpayer =

X =

Parent =

Firm 1 =

Firm 2 =

Date 1 =

Date 2 =

Date 3 =

Date 4 =

Month =

Year 1 =

City =

State =

Dear :

This letter responds to a letter dated January 29, 2025, and supplemental information, submitted on behalf of Taxpayer by Taxpayer's authorized representative, in which Taxpayer requests an extension of time pursuant to §§ 301.9100-1 and 301.9100-3 of the Procedure and Administration Regulations to make the election not to be treated as a tax-exempt controlled entity under § 168(h)(6)(F)(ii) of the Internal Revenue Code beginning with the taxable year ended Date 1 (Taxable Year). This letter ruling is being issued electronically in accordance with section 7.02(5) of Rev. Proc. 2025-1, 2025-1 I.R.B. 1, 34.

FACTS

Taxpayer represents that the facts are as follows:

Taxpayer, a limited liability company, is regarded as a corporation for Federal income tax purposes. Taxpayer files a Form 1120, *U.S. Corporation Income Tax Return*, on a calendar year basis. Taxpayer's overall method of accounting is an accrual method. Taxpayer is engaged in the business of X.

Taxpayer is wholly owned by Parent. Because Parent is an exempt organization under § 501(c)(3), Taxpayer is a tax-exempt controlled entity within the meaning of § 168(h)(6)(F)(iii).

Taxpayer intended to make the election not to be treated as a tax-exempt controlled entity under §168(h)(6)(F)(ii) (Election), beginning with Taxable Year. Specifically, Taxpayer was formed to serve as managing member of Partnership, and under the operating agreement of Partnership, Taxpayer was required to make the Election.

Taxpayer engaged Firm 1 to prepare its Federal income tax return for Year 1, which immediately precedes Taxable Year. Firm 1 was informed of Taxpayer's intent to make the Election on its Year 1 Federal income tax return. Due to an oversight, Firm 1 did not make the Election on Taxpayer's Year 1 Federal income tax return.

Taxpayer also engaged Firm 1 to prepare Taxpayer's Federal income tax return for Taxable Year (Election Return). Due to an oversight, Firm 1 did not file for an extension of time to file the Election Return by the due date, Date 2. During Month, Taxpayer engaged Firm 2 to prepare the Election Return. Firm 2 prepared the Election Return and included the Election because Firm 2 anticipated being engaged to prepare a request pursuant to §§ 301.9100-1 and 301.9100-3 for an extension of time to make the Election. Firm 2 filed Taxpayer's Election Return on Date 3, which would have been the due date of the Election Return, had an extension of time to file the Election Return been requested. However, the Election is not effective for Election Year because the Election Return was not timely filed. On Date 4, Taxpayer engaged Firm 2 to file this request to obtain an extension of time pursuant to §§ 301.9100-1 and 301.9100-3 to file the election statement to satisfy the requirements for making the Election.

Firm 1 is well-known and regarded as a competent accounting firm in City, State. Taxpayer, who is not a tax professional, relied on Firm 1's advice.

Taxpayer represented that, in requesting an extension of time to make the Election described herein for Taxable Year, it acted reasonably and in good faith. Further, Taxpayer represented that granting relief will not prejudice the interests of the Government.

RULING REQUESTED

Taxpayer is requesting an extension of time under §§ 301.9100-1 and 301.9100-3 to make an election under § 168(h)(6)(F)(ii) to not be treated as a tax-exempt controlled entity, beginning with Taxable Year.

LAW

Section 167(a) provides that there shall be allowed as a depreciation deduction a reasonable allowance for the exhaustion, wear and tear, and obsolescence of property used in the trade or business, or in the production of income. The depreciation deduction provided by § 167(a) for tangible property placed in service after 1986 generally is determined under § 168. Under § 168(g)(1)(B), the alternative depreciation system (rather than the general depreciation system provided under § 168(a)) must be used for any tax-exempt use property, as defined in § 168(h).

Section 168(h)(6)(F)(i) provides generally that any tax-exempt controlled entity will be treated as a tax-exempt entity for purposes of §§ 168(h)(5) and (6). Section 168(h)(6)(F)(iii)(I) provides that a tax-exempt controlled entity means any corporation if 50 percent or more (in value) of the stock of such corporation is held by one or more tax-exempt entities.

Under § 168(h)(6)(F)(ii), a tax-exempt controlled entity may elect to not be treated as a tax-exempt entity. Section 168(h)(6)(F)(ii) also provides that any such election is irrevocable and will bind all tax-exempt entities holding interests in such tax-exempt controlled entity.

Under § 301.9100-7T(a)(2)(i), an election under § 168(h)(6)(F)(ii) must be made by the due date of the tax return for the first taxable year for which the election is to be effective. Section 301.9100-7T(a)(3) provides the manner in which the § 168(h)(6)(F)(ii) election is made.

Section 301.9100-1(c) provides that the Commissioner of Internal Revenue has the discretion to grant a reasonable extension of time under the rules set forth in §§ 301.9100-2 and 301.9100-3 to make certain regulatory elections.

Sections 301.9100-1 through 301.9100-3 provide the standards the Commissioner will use to determine whether to grant an extension of time to make a regulatory election. Section 301.9100-2 provides automatic extensions of time for making certain elections. Section 301.9100-3 provides extensions of time for making elections that do not meet the requirements of § 301.9100-2.

Section 301.9100-1(b) defines a regulatory election as an election whose due date is prescribed by regulations published in the Federal Register, a revenue ruling, revenue procedure, notice, or announcement published in the Internal Revenue Bulletin.

The requested Election is a regulatory election because the due date of the election is prescribed in § 301.9100-7T(a)(2)(i).

Taxpayer's request must be analyzed under the requirements of § 301.9100-3 because the automatic extensions provided in § 301.9100-2 are not applicable.

Section 301.9100-3(a) provides that requests for relief subject to § 301.9100-3 will be granted when a taxpayer provides evidence to establish to the satisfaction of the Commissioner that the taxpayer acted reasonably and in good faith, and that the granting of relief will not prejudice the interests of the Government.

CONCLUSION

Based solely on the facts and representations submitted, we conclude that the requirements of §§ 301.9100-1 and 301.9100-3 have been satisfied. Accordingly, Taxpayer's request for an extension to file the Election is granted. Taxpayer's Section 168(h)(6) Election, filed on Date 3, is considered timely filed.

A copy of this letter ruling must be attached to all subsequent Federal income tax returns (and amended returns) for all taxable years to which this ruling is relevant. If Taxpayer files electronically, it may satisfy this requirement by attaching a statement to the return that provides the date and control number of this letter ruling. Pursuant to § 301.9100-7T(a)(3)(ii), a copy of this letter and the § 168(h)(6)(F)(ii) election statement also should be attached to the Federal income tax returns of each of the tax-exempt shareholders or beneficiaries of Taxpayer.

Except as expressly set forth above, we express no opinion concerning the tax consequences of the facts described above under any other provision of the Code or regulations.

The rulings contained in this letter are based upon facts and representations submitted by Taxpayer with an accompanying penalty of perjury statement executed by the appropriate party. While this office has not verified any of the material submitted in support of this request for an extension of time to make the election not to be treated as a tax-exempt controlled entity, all material is subject to verification on examination.

This letter ruling is directed only to the taxpayer requesting it. Section 6110(k)(3) provides that it may not be used or cited as precedent.

In accordance with the power of attorney on file with this office, we are sending a copy of this letter ruling to Taxpayer's authorized representative. We are also sending a copy of this letter ruling to the appropriate IRS operating division official.

PLR-101945-25

5

Sincerely,

Bruce C. Chang

BRUCE C. CHANG
Assistant to the Branch Chief, Branch 7
Office of Associate Chief Counsel
(Income Tax and Accounting)

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

cc: