

Internal Revenue Service

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Department of the Treasury

Washington, DC 20224

Third Party Communication: None

Date of Communication: Not Applicable

Person To Contact:

, ID No.

Telephone Number:

Refer Reply To:

CC:INTL:B04

PLR-109714-25

Date:

September 09, 2025

TY:

Legend

Taxpayer	=
State A	=
State B	=
Date 1	=
Date 2	=
Seller 1	=
Seller 2	=
Country A	=
Year 1	=
Target 1	=
Target 2	=
Target 3	=
Advisor	=
Individual A	=

Dear :

This is in response to a letter dated April 30, 2025 submitted on Taxpayer's behalf by an authorized representative requesting a ruling under Treas. Reg. § 301.9100-3 for an extension of time to request from the Internal Revenue Service withholding certificates under Treas. Reg. § 1.1445-3.

The ruling contained in this letter is based upon information and representations submitted by Taxpayer and accompanied by a penalties of perjury statement executed by an appropriate party. While this office has not verified any of the material submitted in support of the request for ruling, it is subject to verification on examination.

FACTS

Taxpayer is a United States corporation incorporated in State A. Seller 1 is a foreign trust established in Country A. Seller 1 is treated as a nonresident alien individual for federal income tax purposes and for Year 1 filed a U.S. federal income tax return. Seller 2 is a Country A limited company that is a subsidiary of Seller 1. Seller 2 is treated as a foreign corporation for U.S. federal income tax purposes and for Year 1 filed its own U.S. federal income tax return.

On Date 1, Seller 1 sold to Taxpayer 100% of the interests in Target 1, a State B limited liability company. Also on Date 1, Seller 2 sold to Taxpayer 100% of the interests in Target 2, a State B limited liability company. On Date 2, Seller 1 sold to Taxpayer 100% of the interests in Target 3, a State B limited liability company. Each of these sales was considered the sale of a United States real property interest, as defined in section 897(c)(1).

Seller 1 and Seller 2 determined that the sales resulted in no tax liability because for each transaction, either the sale of the entity resulted in a loss or any gain from the sale was offset against other losses. These positions were reflected on the Year 1 U.S. federal income tax returns for Seller 1 and Seller 2. Taxpayer neither withheld on any of the sales by Seller 1 or Seller 2 under section 1445 nor applied for a withholding certificate under Treas. Reg. § 1.1445-3.

From Year 1 until the present, Advisor, and specifically Individual A, provided financial advice to Taxpayer. Individual A was aware that the sales by Seller 1 and Seller 2 to Taxpayer were taxable events. However, Individual A was unaware of the requirement to withhold on sales of United States real property interests even where a transaction results in no tax liability because of a seller's losses. Individual A was also unaware that a withholding certificate could be obtained to avoid the withholding obligations under section 1445. Individual A's lack of awareness was in part attributable to the use of documents from earlier, similar transactions, where the transferor of property was a domestic entity, and section 1445 thus did not apply. Moreover, at the time of the sales by Seller 1 and Seller 2, Advisor's office was not well staffed and Advisor did not have an opportunity to consult a United States tax advisor because of the timing of the transactions and other pressing business.

RULING REQUESTED

Taxpayer requests that an extension of time be granted under Treas. Reg. § 301.9100-3 for the Taxpayer to file applications for withholding certificates for each sale of Target 1, Target 2, and Target 3 to Taxpayer.

LAW

Section 897(c)(1) defines a United States real property interest.

Section 1445(a) provides that except as otherwise provided in this section, in the case of any disposition of a United States real property interest by a foreign person, the transferee shall be required to deduct and withhold a tax equal to 15 percent of the amount realized on the disposition.

Section 1445(b)(1) and (4) provide that no person is required to deduct and withhold any amount under section 1445(a) with respect to a disposition if the transferee receives a qualifying statement at such time, in such manner, and subject to such terms and conditions as the Secretary may by regulations prescribe.

Treas. Reg. § 1.1445-3 provides rules intended to fulfill the requirements of section 1445(b)(4) under which withholding under section 1445(a) may be reduced or eliminated pursuant to a withholding certificate issued by the Internal Revenue Service.

Treas. Reg. § 1.1445-3(a) provides that a withholding certificate that is obtained prior to a transfer notifies the transferee that no withholding is required.

Treas. Reg. § 301.9100-1(b) 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 § 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 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.

CONCLUSION

Based on the information submitted and representations made with Taxpayer's ruling request, we conclude that Taxpayer satisfies the requirements of Treas. Reg. § 301.9100-3(a). Accordingly, Taxpayer is granted an extension of time until 30 days from the date of this ruling letter to request from the Internal Revenue Service a withholding certificate described in Treas. Reg. § 1.1445-3 for each sale of Target 1, Target 2, and Target 3 to Taxpayer.

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, an extension of time to submit an application for a withholding certificate is not itself a determination that Taxpayer is eligible to receive a withholding certificate or the amount, if any, that such a certificate would reduce Taxpayer's obligations to withhold under section 1445(a).

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

A copy of this letter must be attached to any request for a withholding certificate submitted to the Internal Revenue Service and to any other subsequent relevant forms or returns to which it is relevant.

In accordance with the Power of Attorney on file with this office, a copy of this letter ruling is being sent to your authorized representative.

Sincerely,

/s/

Kenneth A. Jeruchim
Senior Technical Reviewer, Branch 4
Associate Chief Counsel (International)

cc: