

**Internal Revenue Service**

Department of the Treasury

Number: **200117030**  
Release Date: 4/27/2001  
Index Number: 860D.01-00, 9100.00-00

Washington, DC 20224

Person to Contact:

Telephone Number:

Refer Reply To:  
CC:FIP:2 / PLR-128473-00  
Date:  
January 30, 2001

**LEGEND**

Trust =  
Servicer =  
Trustee =  
Accountant =  
Date 1 =  
Date 2 =  
Date 3 =  
Date 4 =  
Date 5 =  
Date 6 =  
Year 1 =

Dear :

This is in reply to a letter dated Date 5, requesting a ruling on behalf of Trust. You have requested a ruling that Trust be granted an extension of time to elect to be treated as a Real Estate Mortgage Investment Conduit (REMIC) under section 860D of the Internal Revenue Code.

**FACTS**

Trust was established on Date 1, pursuant to a pooling and servicing agreement. Servicer was responsible for preparing all federal, state and local tax and information returns for the Trust and an election to treat the Trust as a REMIC in accordance with sections 860A through 860G of the Code for the taxable year ending on Date 2. Trustee was required to sign and file all such returns. Servicer retained Accountant to prepare the relevant tax filings.

Trustee timely filed a Form 8736, Application for Automatic Extension of Time to File U.S. Return for a Partnership, REMIC, or for Certain Trusts, for the Trust. Form 8736 is required to be filed to receive an automatic three-month extension to file an income tax return on Form 1066, U.S. REMIC Income Tax Return. Trustee filed a second request for extension on Form 8800, Application for Additional Extension of Time to File U.S. Return for a Partnership, REMIC or for Certain Trusts, to extend the due date for filing the Form 1066 to Date 3.

Accountant prepared the Form 1066 for the Trust; however, personnel charged by the Trustee with administering the Trust did not receive the Form 1066 for the Trust until the due date, Date 3. The individuals in Trustee's tax department who were in charge of administering the Trust had only recently been assigned this job responsibility. There were no set procedures in place for reviewing REMIC returns prepared by outside accountants. Moreover, the recently assigned individuals in Trustee's tax department were unaware that the Form 1066 needed to be reviewed and filed on Date 3. On Date 4, Trustee realized that the Form 1066 had not been filed. Trustee's personnel immediately reviewed and filed the Form 1066 with the Internal Revenue Service on Date 4. On Date 6, Trustee filed this request for relief under section 301.9100-1 of the Income Tax Regulations to make a REMIC election under section 860D for its taxable year ending Date 2.

## **LAW AND ANALYSIS**

Section 860D(b)(1) of the Code provides that an entity which meets the requirements of a REMIC under section 860D(a) may elect to be treated as a REMIC for its first taxable year and that such election must be made on the return for its first taxable year.

Section 1.860D-1(d)(1) provides that a qualified entity makes a REMIC election by timely filing, for its first taxable year, a Form 1066 signed by a person authorized to sign that return. This regulation also provides a reference to section 301.9100-1 for rules regarding extensions of time for making elections.

Section 1.860F-4(b)(1) provides that the due date and any extensions for filing a REMIC's annual tax return are determined as if the REMIC were a partnership. Therefore, pursuant to section 1.6013-1(e)(2), a REMIC's annual return must be filed on or before the fifteenth day of the fourth month following the close of the taxable year, unless an extension is granted.

Section 301.9100-1(c) provides that the Commissioner has discretion to grant a reasonable extension of time to make a regulatory election (defined in section 301.9100-1(b) as an election whose due date is prescribed by regulations or by a revenue ruling, a revenue procedure, a notice, or an announcement published in the Internal Revenue Bulletin), or a statutory election (but no more than 6 months except in the case of a taxpayer who is abroad), under all subtitles of the Internal Revenue Code except subtitles E, G, H, and I.

Section 301.9100-3(a) through (c)(1)(i) sets forth rules that the Internal Revenue Service generally will use to determine whether, under the facts and circumstances of each situation, the Commissioner will grant an extension of time for regulatory elections that do not meet the requirements of section 301.9100-2. Section 301.9100-3(b) provides that subject to paragraphs (b)(3)(i) through (iii) of section 301.9100-3, when a taxpayer applies for relief under this section before the failure to make the regulatory election is discovered by the Service, the taxpayer will be deemed to have acted

reasonably and in good faith; and section 301.9100-3(c) provides that the interests of the government are prejudiced if granting relief would result in the taxpayer having a lower tax liability in the aggregate for all years to which the regulatory election applies than the taxpayer would have had if the election had been timely made (taking into account the time value of money).

## CONCLUSION

Based on the information and representations submitted, we conclude that the Trust has satisfied the requirements for granting a reasonable extension of time to elect REMIC status. Therefore, the Trust is granted a reasonable extension of time to elect REMIC status for purposes of section 860D(b) and section 1.860D-1(d)(1), and the election will be considered to have been timely made. Accordingly, the Trust is granted an extension of time until Date 4 to make an election to be treated as a REMIC for Year 1.

This ruling is limited to the timeliness of the REMIC election of Trust. This ruling does not relieve Trust from any penalty that it may owe as a result of its failure to timely file Form 1066. This ruling's application is limited to the facts, representations, Code sections, and regulations cited herein. No opinion is expressed with regard to whether the Trust meets the requirements of a REMIC under section 860D(a).

No opinion is expressed with regard to whether the Trust's tax liability is not lower in the aggregate for all years to which the election applies than such tax liability would have been if the election had been timely made (taking into account the time value of money). Upon audit of the federal income tax returns involved, the district director's office will determine such tax liability for the years involved. If the district director's office determines that such tax liability is lower, that office will determine the federal income tax effect.

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

Sincerely,  
Lon B. Smith  
Acting Associate Chief Counsel  
(Financial Institutions & Products)

Enclosures:

Copy of this letter  
Section 6110 Copy