Reg. Section 301.7701-2T(c)(2)(iv)(B)
Business entities; definitions (temporary).

(a) through (c)(2)(ii) [Reserved]. For further guidance, see § 301.7701-2(a) through (c)(2)(ii).

(iii) Tax liabilities of certain disregarded entities --(A) In general. An entity that is disregarded as separate from its owner for any purpose under § 301.7701-2 is treated as an entity separate from its owner for purposes of—

(1) Federal tax liabilities of the entity with respect to any taxable period for which the entity was not disregarded;

(2) Federal tax liabilities of any other entity for which the entity is liable; and

(3) Refunds or credits of Federal tax.

(B) Examples. The following examples illustrate the application of paragraph (c)(2)(iii)(A) of this section:

Example 1.

In 2006, X, a domestic corporation that reports its taxes on a calendar year basis, merges into Z, a domestic LLC wholly owned by Y that is disregarded as an entity separate from Y, in a state law merger. X was not a member of a consolidated group at any time during its taxable year ending in December 2005. Under the applicable state law, Z is the successor to X and is liable for all of X's debts. In 2009, the Internal Revenue Service (IRS) seeks to extend the period of limitations on assessment for X's 2005 taxable year. Because Z is the successor to X and is liable for X's 2005 taxes that remain unpaid, Z is the proper party to sign the consent to extend the period of limitations.

Example 2.

The facts are the same as in Example 1, except that in 2007, the IRS determines that X miscalculated and underreported its income tax liability for 2005. Because Z is the successor to X and is liable for X's 2005 taxes that remain unpaid, the deficiency may be assessed against Z and, in the event that Z fails to pay the liability after notice and demand, a general tax lien will arise against all of Z's property and rights to property.

(c)(2)(iv)(A) [Reserved]. For further guidance, see § 301.7701-2(c)(2)(iv)(A).

(B) Treatment of entity. An entity that is disregarded as an entity separate from its owner for any purpose under § 301.7701-2 is treated as a corporation with respect to taxes imposed under Subtitle C--Employment Taxes and Collection of Income Tax (Chapters 21, 22, 23, 23A, 24, and 25 of the Internal Revenue Code).

(C) through (c)(2)(v)(A) [Reserved]. For further guidance, see § 301.7701-2(c)(2)(iv)(C) through (c)(2)(v)(A).
(B) Treatment of entity. An entity that is disregarded as an entity separate from its owner for any purpose under § 301.7701-2 is treated as a corporation with respect to items described in § 301.7701-2(c)(2)(v)(A).

(C) Example. (i) through (iii) [Reserved]. For further guidance, see § 301.7701-2(c)(2)(v)(C) Example (i) through (iii).

(iv) Assume the same facts as in § 301.7701-2(c)(2)(v)(C) Example (i) and (ii). If LLCB does not pay the tax on its sale of coal under chapter 32 of the Internal Revenue Code, any notice of lien the Internal Revenue Service files will be filed as if LLCB were a corporation.

(d) through (e)(1) [Reserved]. For further guidance, see § 301.7701-2(d) through (e)(1).

(e)(2) Paragraph (c)(2)(iii) of this section applies on and after September 14, 2009. For rules that apply before September 14, 2009, see 26 CFR part 301 revised as of April 1, 2009.

(e)(3) through (e)(4) [Reserved]. For further guidance, see § 301.7701-2(e)(3) through (e)(4).

(e)(5) Paragraph (c)(2)(iv)(B) of this section applies with respect to wages paid on or after September 14, 2009. For rules that apply before September 14, 2009, see 26 CFR part 301 revised as of April 1, 2009.

(e)(6) Paragraphs (c)(2)(v)(B) and (c)(2)(v)(C) Example (iv) of this section apply on and after September 14, 2009.

(7) [Reserved]. For further guidance, see § 301.7701-2(e)(7).

(8) Expiration Date. The applicability of paragraphs (c)(2)(iii), (c)(2)(iv)(B), (c)(2)(v)(B), (c)(2)(v)(C) Example (iv), (e)(2), (e)(5) and (e)(6) of this section expires on or before September 11, 2012.