

## Entity Classification Election

<b>Please Type or Print</b>	Name of entity	Employer identification number (EIN)
	Number, street, and room or suite no. If a P.O. box, see instructions.	
	City or town, state, and ZIP code. If a foreign address, enter city, province or state, postal code and country.	

**1 Type of election** (see instructions):

- a  Initial classification by a newly-formed entity (or change in current classification of an existing entity to take effect on January 1, 1997)
- b  Change in current classification (to take effect later than January 1, 1997)

**2 Form of entity** (see instructions):

- a  A domestic eligible entity electing to be classified as an association taxable as a corporation.
- b  A domestic eligible entity electing to be classified as a partnership.
- c  A domestic eligible entity with a single owner electing to be disregarded as a separate entity.
- d  A foreign eligible entity electing to be classified as an association taxable as a corporation.
- e  A foreign eligible entity electing to be classified as a partnership.
- f  A foreign eligible entity with a single owner electing to be disregarded as a separate entity.

**3** Election is to be effective beginning (month, day, year) (see instructions) . . . . . ▶ \_\_\_\_ / \_\_\_\_ / \_\_\_\_

<b>4</b> Name and title of person whom the IRS may call for more information	<b>5</b> That person's telephone number
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**Consent Statement and Signature(s) (see instructions)**

Under penalties of perjury, I (we) declare that I (we) consent to the election of the above-named entity to be classified as indicated above, and that I (we) have examined this consent statement, and to the best of my (our) knowledge and belief, it is true, correct, and complete. If I am an officer, manager, or member signing for all members of the entity, I further declare that I am authorized to execute this consent statement on their behalf.

Signature(s)	Date	Title

## General Instructions

Section references are to the Internal Revenue Code unless otherwise noted.

### Paperwork Reduction Act Notice

We ask for the information on this form to carry out the Internal Revenue laws of the United States. You are required to give us the information. We need it to ensure that you are complying with these laws and to allow us to figure and collect the right amount of tax.

You are not required to provide the information requested on a form that is subject to the Paperwork Reduction Act unless the form displays a valid OMB control number. Books or records relating to a form or its instructions must be retained as long as their contents may become material in the administration of any Internal Revenue law. Generally, tax returns and return information are confidential, as required by section 6103.

The time needed to complete and file this form will vary depending on individual circumstances. The estimated average time is:

**Recordkeeping** . . . 1 hr., 20 min.  
**Learning about the law or the form** . . . 1 hr., 41 min.  
**Preparing and sending the form to the IRS** . . . 17 min.

If you have comments concerning the accuracy of these time estimates or suggestions for making this form simpler, we would be happy to hear from you. You can write to the Tax Forms Committee, Western Area Distribution Center, Rancho Cordova, CA 95743-0001. **DO NOT** send the form to this address. Instead, see **Where To File** on page 3.

### Purpose of Form

For Federal tax purposes, certain business entities automatically are classified as corporations. See items **1** and **3** through **8** under the definition of corporation on this page. Other business entities may choose how they are classified for Federal tax purposes. Except for a business entity automatically classified as a corporation, a business entity with at least two

members can choose to be classified as either an association taxable as a corporation or a partnership, and a business entity with a single member can choose to be classified as either an association taxable as a corporation or disregarded as an entity separate from its owner.

Generally, an eligible entity that does not file this form will be classified under the default rules described below. An eligible entity that chooses not to be classified under the default rules or that wishes to change its current classification must file Form 8832 to elect a classification. The IRS will use the information entered on this form to establish the entity's filing and reporting requirements for Federal tax purposes.

### Default Rules

#### Existing entity default rule.—

Certain domestic and foreign entities that are already in existence before January 1, 1997, and have an established Federal tax classification, generally do not need to make an election to continue that classification. However, for an eligible entity with a single owner that claimed to be a partnership under the law in effect before January 1, 1997, that entity will now be disregarded as an entity separate from its owner. If an existing entity decides to change its classification, it may do so subject to the rules in Regulations section 301.7701-3(c)(1)(iv). A foreign eligible entity is treated as being in existence prior to the effective date of this section only if the entity's classification is relevant at any time during the 60 months prior to January 1, 1997.

**Domestic default rule.**—Unless an election is made on Form 8832, a domestic eligible entity is:

1. A partnership if it has two or more members.
2. Disregarded as an entity separate from its owner if it has a single owner.

**Foreign default rule.**—Unless an election is made on Form 8832, a foreign eligible entity is:

1. A partnership if it has two or more members and at least one member does not have limited liability.

2. An association if all members have limited liability.

3. Disregarded as an entity separate from its owner if it has a single owner that does not have limited liability.

### Definitions

**Business entity.**—A business entity is any entity recognized for Federal tax purposes that is not properly classified as a trust under Regulations section 301.7701-4 or otherwise subject to special treatment under the Code. See Regulations section 301.7701-2(a).

**Corporation.**—For Federal tax purposes, a corporation is any of the following:

1. A business entity organized under a Federal or state statute, or under a statute of a federally recognized Indian tribe, if the statute describes or refers to the entity as incorporated or as a corporation, body corporate, or body politic.

2. An association (as determined under Regulations section 301.7701-3).

3. A business entity organized under a state statute, if the statute describes or refers to the entity as a joint-stock company or joint-stock association.

4. An insurance company.

5. A state-chartered business entity conducting banking activities, if any of its deposits are insured under the Federal Deposit Insurance Act, as amended, 12 U.S.C. 1811 et seq., or a similar Federal statute.

6. A business entity wholly owned by a state or any political subdivision thereof.

7. A business entity that is taxable as a corporation under a provision of the Code other than section 7701(a)(3).

8. A foreign business entity listed in Regulations section 301.7701-2(b)(8). However, a foreign business entity listed in those regulations generally will not be treated as a corporation if all of the following apply:

- a. The entity was in existence on May 8, 1996.

**b.** The entity's classification was relevant (as defined below) on May 8, 1996.

**c.** No person (including the entity) for whom the entity's classification was relevant on May 8, 1996, treats the entity as a corporation for purposes of filing that person's Federal income tax returns, information returns, and withholding documents for the tax year including May 8, 1996.

**d.** Any change in the entity's claimed classification within the 60 months prior to May 8, 1996, was a result of a change in the organizational documents of the entity, and the entity and all members of the entity recognized the Federal tax consequences of any change in the entity's classification within the 60 months prior to May 8, 1996.

**e.** The entity had a reasonable basis (within the meaning of section 6662) for treating the entity as other than a corporation on May 8, 1996.

**f.** Neither the entity nor any member was notified in writing on or before May 8, 1996, that the classification of the entity was under examination (in which case the entity's classification will be determined in the examination).

**Binding contract rule.**—If a foreign business entity described in Regulations section 301.7701-2(b)(8)(i) is formed after May 8, 1996, under a written binding contract (including an accepted bid to develop a project) in effect on May 8, 1996, and all times thereafter, in which the parties agreed to engage (directly or indirectly) in an active and substantial business operation in the jurisdiction in which the entity is formed, **8** on page 2 is applied by substituting the date of the entity's formation for May 8, 1996.

**Eligible entity.**—An eligible entity is a business entity that is not included in items **1** or **3** through **8** under the definition of corporation on page 2.

**Limited liability.**—A member of a foreign eligible entity has limited liability if the member has no personal liability for any debts or claims against the entity by reason of being a member. This determination is based solely on the statute or law under which the entity is organized (and, if relevant, the entity's organizational documents). A member has personal liability if the creditors of the entity may seek satisfaction of all or any part of the debts or claims against the entity from the member as such. A member has personal liability even if the member makes an agreement under which another person (whether or not a member of the entity) assumes that liability or agrees to indemnify that member for that liability.

**Partnership.**—A partnership is a business entity that has **at least** two members and is not a corporation as defined on page 2.

**Relevant.**—A foreign eligible entity's classification is relevant when its classification affects the liability of any person for Federal tax or information purposes. The date the classification of a foreign eligible entity is relevant is the date an event occurs that creates an obligation to file a Federal tax return, information return, or statement for which the classification of the entity must be determined.

### Effect of Election

The resulting tax consequences of a change in classification remain the same no matter how a change in entity classification is achieved. For example, if an organization classified as an association elects to be classified as a partnership, the organization and its owners must recognize gain, if any, under the rules applicable to liquidations of corporations.

### Who Must File

File this form for an **eligible entity** that is one of the following:

- A domestic entity electing to be classified as an association taxable as a corporation.

- A domestic entity electing to change its current classification (even if it is currently classified under the default rule).
- A foreign entity that has more than one owner, all owners have limited liability, and it elects to be classified as a partnership.
- A foreign entity that has at least one owner without limited liability, and it elects to be classified as an association taxable as a corporation.
- A foreign entity with a single owner having limited liability, and it elects to have the entity disregarded as an entity separate from its owner.
- A foreign entity electing to change its current classification (even if it is currently classified under the default rule).

**Do not** file this form for an eligible entity that is:

- Tax-exempt under section 501(a), or
- A real estate investment trust (REIT), as defined in section 856.

### When To File

See the instructions for line 3.

### Where To File

File Form 8832 with the Internal Revenue Service Center, Philadelphia, PA 19255. Also attach a copy of Form 8832 to the entity's Federal income tax or information return for the tax year of the election. If the entity is not required to file a return for that year, a copy of its Form 8832 must be attached to the Federal income tax or information returns of all direct or indirect owners of the entity for the tax year of the owner that includes the date on which the election took effect. Although failure to attach a copy will not invalidate an otherwise valid election, each member of the entity is required to file returns that are consistent with the entity's election. In addition, penalties may be assessed against persons who are required to, but who do not, attach Form 8832 to their returns. Other penalties may apply for filing Federal income tax or information returns inconsistent with the entity's election.

## Specific Instructions

### Employer Identification Number (EIN)

Show the correct EIN on Form 8832. If the entity does not have an EIN, it generally must apply for one on **Form SS-4**, Application for Employer Identification Number. If the filing of Form 8832 is the only reason the entity is applying for an EIN, check the "Other" box on line 9 of Form SS-4 and write "Form 8832" to the right of that box. If the entity has not received an EIN by the time Form 8832 is due, write "Applied for" in the space for the EIN. **Do not** apply for a new EIN for an existing entity that is changing its classification. If you are electing to disregard an entity as separate from its owner, enter the owner's EIN.

### Address

Include the suite, room, or other unit number after the street address. If the Post Office does not deliver mail to the street address and the entity has a P.O. box, show the box number instead of the street address.

### Line 1

Check box 1a if the entity is choosing a classification for the first time **and** the entity does not want to be classified under the applicable default classification. **Do not** file this form if the entity wants to be classified under the default rules.

Check box 1b if the entity is changing its current classification to take effect later than January 1, 1997, whether or not the entity's current classification is the default classification. However, once an eligible entity makes an election to change its classification (other than an election made by an existing entity to change its classification as of January 1, 1997), the entity cannot change its classification by election again during the 60 months after the effective date of the election. However, the IRS may permit (by private letter ruling) the entity to change its classification by election within the 60-month period if more than 50% of the ownership interests in the entity as of the effective date of the election are owned by persons that did not own any interests in the entity on the effective date of the entity's prior election.

### Line 2

Check the appropriate box if you are changing a current classification (no matter how achieved), or are electing out of a default classification. **Do not** file this form if you fall within a default classification that is the desired classification for the new entity.

### Line 3

Generally, the election will take effect on the date you enter on line 3 of this form or on the date filed if no date is entered on line 3. However, an election specifying an entity's classification for Federal tax

purposes can take effect no more than 75 days prior to the date the election is filed, nor can it take effect later than 12 months after the date on which the election is filed. If line 3 shows a date more than 75 days prior to the date on which the election is filed, the election will take effect 75 days before the date it is filed. If line 3 shows an effective date more than 12 months from the filing date, the election will take effect 12 months after the date the election was filed.

Regardless of the date filed, an election will in no event take effect before January 1, 1997.

### Consent Statement and Signatures

Form 8832 must be signed by:

1. Each member of the electing entity who is an owner at the time the election is filed; or
2. Any officer, manager, or member of the electing entity who is authorized (under local law or the organizational documents) to make the election and who represents to having such authorization under penalties of perjury.

If an election is to be effective for any period prior to the time it is filed, each person who was an owner between the date the election is to be effective and the date the election is filed, and who is not an owner at the time the election is filed, must also sign.

If you need a continuation sheet or use a separate consent statement, attach it to Form 8832. The separate consent statement must contain the same information as shown on Form 8832.

