Revenue Ruling 2004-77

**Disregarded Entity with Two Owners**

**Situation 1**

- L (Domestic LLC - Disregarded Entity)
- P (Domestic LLP or LLC)
- X (Domestic Corporation)

Because L is a disregarded entity, X is treated as owning all of the interests in P. P is an LLC that has not elected to be classified as a corporation, and P has only one owner for federal tax purposes. Thus, P is treated as a disregarded entity.

△ Means "flow-thru" for U.S. tax purposes

**Situation 2**

- L (Foreign Disregarded Entity)
- P (Foreign Eligible Entity)
- X (Corporation)

Because L is a disregarded entity, X is treated as owning all of the interests in P. P has only one owner for federal tax purposes. Thus, P cannot be classified as a partnership. P will be treated as a disregarded entity or as a corporation (depending on the default rules and/or whether an entity classification election has been filed).

HUNDREDS of additional charts at www.andrewmitchel.com