

INTERNAL REVENUE SERVICE

Number: **INFO 2000-0149**

Release Date: 9/30/2000



CC:DOM:P&SI:1-COR-110970-00

June 29, 2000

UILC .1362.00-00



We are responding to your correspondence requesting to establish 1998 as the effective year for your S corporation election. The information submitted explains that your Form 2553, filed in May 1999, requesting a 1998 effective date, was denied. It appears that you are confused as to why your election was not accepted for January 1, 1999 instead.

The instructions for Form 2553 indicate that an election made after the 15th day of the 3rd month but before the end of the taxable year will be effective for the next taxable year. However, your election requesting 1998 as the effective year was filed beyond the due date for 1999 taxable year. Therefore, your election was properly denied by the Service Center staff instead of allowing the next (1999) taxable year.

Announcement 97-4 (copy enclosed) provides guidance on seeking relief for late S corporation elections and inadvertent invalid S corporation elections. Generally, to request relief for a late or invalid S corporation election you must request a private letter ruling from the National Office. The procedures for requesting a private letter ruling are set out in Revenue Procedure 2000-1 (copy enclosed). In addition, Rev. Proc. 2000-1 requires taxpayers to submit a user fee along with their ruling request. The standard user fee for a private letter ruling is \$5,000. However, taxpayers with gross income of less than \$1 million on their last-filed tax return qualify for a **reduced user fee** in the amount of \$500. If you are eligible to use the reduced fee provision you must include the statement described in § (B)(1)(b) of Appendix A with your request. Please review Appendix B for a sample format for requesting a private letter ruling.

If you decide to submit a formal request for a private letter ruling, please include the proper user fee (and a statement certifying your eligibility for the reduced user fee, if applicable). Please refer your request to our office by adding the following to the address:

Attn: CC:DOM:CORP:T
P.O. Box 7604
Ben Franklin Station
Washington, DC 20044

Direct to: CC:DOM:P&SI:Br.1
Room 5002

Please keep this letter with your tax records and feel free to provide a copy of it to your authorized representative. We hope that the above information proves helpful.

Sincerely yours,

/s/Dianna K. Miosi

DIANNA K. MIOSI
Chief, Branch 1
Office of the Assistant Chief Counsel
(Passthroughs and Special Industries)

Enclosures:
Announcement 97-4
Rev. Proc. 2000-1