

INTERNAL REVENUE SERVICE

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July 18, 2000

UILC 1362.00-00

██████████: We are responding to correspondence, submitted on your behalf by ██████████ requesting relief in order to establish 1997 as the effective year for your S corporation election. The information submitted explains that a Form 2553 was signed and mailed at inception of organization. Apparently, the Internal Revenue Service never received this election. Although we are unable to respond to your request as submitted, this letter provides useful information relating to your request.

The *Instructions to Form 2553* indicate that taxpayers are generally notified of acceptance or nonacceptance of their election within three months of date of filing (date mailed), and that if the IRS questions whether the election was filed, acceptable proofs of filing are (a) certified or registered mail receipt; (b) Form 2553 with an accepted stamp; (c) Form 2553 with stamped IRS received date; or (e) an IRS letter stating the election has been accepted.

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. **NOTE:** Section A(5)(a) of Appendix A indicates that in situations where a taxpayer requests *substantially identical* letter rulings for multiple entities with a common member (e.g. shareholder) or sponsor, for each additional letter ruling request after the initial \$5,000 or \$500, as applicable, may pay an "identical letter ruling request" reduced fee of \$200. Each entity must send an individual ruling request.

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

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

Direct to: CC:PSI:1
Room 5002

Please keep this letter with your tax records and 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
Associate Chief Counsel
(Passthroughs and Special Industries)

Enclosures:

Announcement 97-4
Rev. Proc. 2000-1