

INTERNAL REVENUE SERVICE



CC:PSI:1-COR-112494-00

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July 24, 2000



We are responding to correspondence requesting relief in order to establish 1998 as the effective year for your S corporation election. The information submitted explains that your Form 2553 submitted under Revenue Procedure 97-48 was rejected by the Ogden Service Center. Although we are unable to respond to your request as submitted, this letter provides useful information relating to your request.

In Rev. Proc. 97-48, the Internal Revenue Service provides two situations under which it will automatically grant relief to taxpayers who meet certain eligibility requirements. Based on information provided to us, it appears that you were notified about the Form 2553 deficiency within six months of the date your return was filed for the 1998 taxable year. This timely notification by the Service Center precludes you from eligibility under section 4.01(1)(d) of Rev. Proc 97-48.

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 refer your request to our office by adding the following to the address:

Attn: CC:P&A

P.O. Box 7604
Ben Franklin Station
Washington, DC 20044

Direct to: CC:PSI:B01
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
Associate Chief Counsel
(Passthroughs and Special Industries)

Enclosures:

Announcement 97-4
Rev. Proc. 2000-1