

INTERNAL REVENUE SERVICE

CC:P&SI:1-COR-116500-00

October 17, 2000

Number: **INFO 2000-0292**
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[REDACTED]:

We are responding to correspondence, submitted on your behalf by [REDACTED], Accountant, requesting relief in order to establish January 1, 1998, as the effective date for your S corporation election. The information submitted explains that the taxpayer was under the impression it had been granted S corporation status at inception. However, it appears that Form 2553 was not filed timely, a Form 1120 was filed for a short 1998 taxable year, and a Forms 1120S filed for the tax year ended December 1999. Further, it appears that four months are unaccounted for the period September through December 1998. Based on these facts, you are ineligible for automatic relief. Although we are unable to respond to your request as submitted, this letter provides useful information relating to your situation.

Based on the *Instructions to Form 2553*, taxpayers are generally notified of acceptance or nonacceptance of their election within three months of date of filing (date mailed). If the IRS questions whether the election was filed, acceptable proof of filing is (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 pay the reduced fee, a statement certifying your gross income must accompany your request; otherwise, you will be

billed for the higher fee. 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 provide documents supporting your intention to be an S corporation from inception, explain the inconsistent return filings, and include the proper user fee. Please 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:B1
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