

INTERNAL REVENUE SERVICE

CC:PSI:1-COR-120319-00

Nov 16, 2000

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[REDACTED]:

We are responding to your correspondence requesting relief in order to establish March 1, 1999, as the effective date for your S corporation election. The information submitted explains that because the shareholders were unaware of the Form 2553 filing requirement they neglected to submit a timely S corporation election. Although we are unable to respond to your request as submitted, this letter provides useful information relating to your request.

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, if the four shareholders, in aggregate (total) had less than \$1 million in gross income for the 1999 taxable year, the corporation will qualify for a **reduced user fee** in the amount of \$500. If you are qualified to use the reduced fee provision, a statement certifying your eligibility must be included 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 (if applying under the reduced fee provisions, send a statement certifying gross income) 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: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
Associate Chief Counsel
(Passthroughs and Special Industries)

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