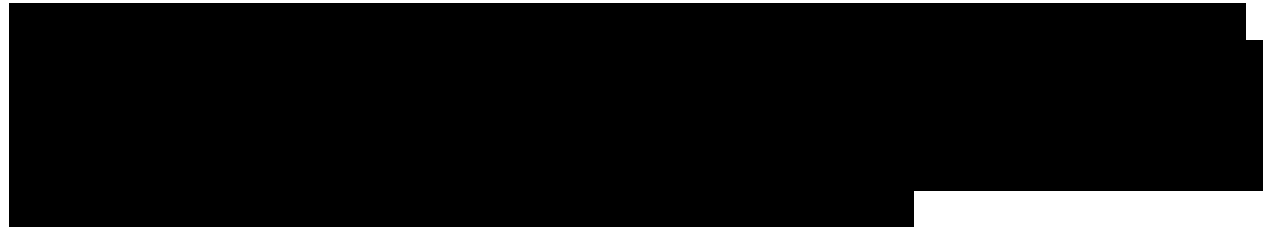


INTERNAL REVENUE SERVICE



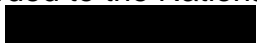
Nov 30, 2000

Number: **INFO 2000-0413**

Release Date: 12/29/2000

UILC 1362.00-00

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We are responding correspondence forwarded to the National Office, submitted to the Memphis Service Center on your behalf by , requesting relief in order to establish 1998 as the effective year for S corporation status. The information presented explains that you mailed your original election, using an improper (sole proprietor) Employer Identification Number, in October 1997. An Internal Revenue Service letter indicating the invalidity of that number was sent in May 1998, and a new EIN was issued shortly thereafter. Please note that you are precluded from automatic late S corporation relief under Revenue Procedure 97-48 because your 1998 tax return was filed late.

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. If you have proof of mailing the original election in October 1997, we may be able to assist you. Otherwise, you should follow the general rule for requesting late S corporation relief as set forth in the remainder of this letter.

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 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