

INTERNAL REVENUE SERVICE



CC:PSI:1-COR-131332-00

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We are responding to your correspondence submitted originally to the Cincinnati Service Center, requesting relief in order to establish February 14, 1997, as the effective date for your S corporation election. It appears that you are seeking automatic late S corporation relief pursuant to Revenue Procedure 97-48.

In Rev. Proc. 97-48 (copy attached) the Internal Revenue Service provides special procedures that permit taxpayers in certain situations to obtain automatic late S corporation relief instead of applying for a private letter ruling. However, you are precluded from automatic relief under this revenue procedure as the Cincinnati Service Center staff sent notice regarding the Form 2553 deficiency to the corporation within six month of receiving the Form 1120S for the 1997 taxable year.

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 2001-1 (copy enclosed). In addition, Rev. Proc. 2001-1 requires taxpayers to submit a user fee along with their ruling request. The standard user fee for a private letter ruling is \$6,000. 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 your request must include a statement certifying your eligibility. Please review Appendix B of Rev. Proc. 2001-1 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 using the following 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. 2001-1