

INTERNAL REVENUE SERVICE

CC:PSI:1-COR-114263-01

April 4, 2001

Number: **INFO 2001-0111**

Release Date: 6/29/2001

UILC 1362.00-00

We are responding to your correspondence requesting relief in order to establish June 27, 1996, as the effective date for your S corporation election. The information submitted explains that your Form 2553 was sent via regular mail in July 1996. However, the Internal Revenue Service has no record of receiving a timely filed election for your corporation. You are ineligible for automatic late S corporation relief under Revenue Procedure 97-48 because no tax return for 1996 has been received. Further, you were notified about the election deficiency within six months from the date the Service received your Form 1120S for the 1997 taxable year. Although we are unable to respond to your request as submitted, this letter provides useful information relating to your request.

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 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 brief statement certifying your eligibility. 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. 2001-1