

INTERNAL REVENUE SERVICE

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CC:PSI:1-COR-116115-01

June 5, 2001

UILC 1362.00-00

[REDACTED]:

We are responding to correspondence, submitted on your behalf by [REDACTED], requesting relief in order to establish 1999 as the effective date for your S corporation election. You would like us to consider granting automatic relief under Revenue Procedure 98-55.

The copy of Form 2553 provided fails to reflect a signed shareholder consent, and no proof of timely mailing the election for 1999 accompanied your submission. Revenue Procedure 98-55 provides automatic relief for certain taxpayers who comply with the eligibility and procedural requirements. This remedy is unavailable to you in the current situation because the window period for relief has closed. Although we are unable to respond to your request as submitted, this letter provides useful information about rectifying this situation.

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 ruling is \$6,000; however, taxpayers with gross income of less than \$1 million for the last 12-month taxable period will qualify for a **reduced user fee** in the amount of \$500. If you qualify for the reduced fee, your request must include a statement certifying your gross income eligibility; otherwise, you will be charged the higher fee. Please format your letter as shown in Appendix B of Rev. Proc. 2001-1.

If you decide to submit a ruling request, please provide documents supporting your intention to be an S corporation, and include the proper user fee. Please refer your request to our office by adding the following to the address:

Attn: CC:PA:T
P.O. Box 7604
Ben Franklin Station
Washington, DC 20044

Direct to: CC:PSI:B1
Room 5002

By way of introduction, the IRS has a new small business website which provides specific information and various links to useful non-IRS sites. Visit this new site at www.irs.gov/smallbiz. Additionally, you can order a single, free copy of the *Small Business Resource Guide CD-ROM 2001*, by calling 1-800-829-3676. The CD-ROM provides critical tax information including forms, instructions, and publications, as well as valuable business information from a variety of government agencies, non-profit organizations, and educational institutions.

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