

INTERNAL REVENUE SERVICE

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June 05, 2001

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[REDACTED]:

We are responding to correspondence, submitted on your behalf by [REDACTED] requesting relief in order to establish S corporation status for [REDACTED]. The information submitted explains that a Form 2553 was filed, but the Internal Revenue Service failed to receive it timely. It appears the Form 2553 was received late and subsequently returned for completion of missing information.

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 can produce proof of timely Form 2553 or timely responding to the request for additional information, we may be able to help you.

In Rev. Proc. 97-48, 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, your situation is precluded from automatic relief because the Service Center staff notified you about the Form 2553 deficiency within 6 months of receiving your Form 1120S.

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

Direct to: CC:PSI:1  
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](http://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  
Rev. Proc. 97-48