

INTERNAL REVENUE SERVICE

Number: **INFO 2002-0009**

Release Date: 3/29/2002

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CC:PSI:1-GENIN-155244-01

Dec 17 2001

UILC 1361.00-00

[REDACTED]

We are responding to your correspondence requesting relief in order to re-establish S corporation status. The information submitted explains that the taxpayer corporation was involved in a stock transfer involving an ineligible shareholder resulting in a termination of S corporation status.

A corporation that believes its election was terminated inadvertently may request a determination of inadvertent termination from the Commissioner. The request is made in the form of a private letter ruling request submitted to the National Office. The procedures for requesting a ruling are set out in Revenue Procedure 2001-1 (copy enclosed). In addition, a proper user fee must be submitted along with your request. The fee for a ruling is \$6,000; however, taxpayers with gross income of less than \$1 million for the last 12-month taxable period qualify for a **reduced user fee** in the amount of \$500. If your business qualifies for the reduced fee, your request must include a statement certifying gross income; otherwise, you will be billed the higher fee. Please format your ruling request as shown in Appendix B of Rev. Proc. 2001-1.

If you decide to submit a ruling request, please provide documents supporting your position, including a detailed explanation of the event causing termination, when and how the event was discovered, and the steps taken to return the corporation to small business corporation status. Please include the proper user fee and refer your package 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

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:
Rev. Proc. 2001-1