

INTERNAL REVENUE SERVICE

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(202) 622-3050

CC:PSI:1-GENIN-165306-01

Jan 22 2002

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We are responding to correspondence, submitted on your behalf by [REDACTED], requesting relief in order to establish 1997 as the effective taxable year for your S corporation status. The information submitted explains that you believed your corporation had filed a timely S corporation election. However, according to Internal Revenue Service records, no such election has ever been received.

Your corporation is ineligible for automatic late S corporation relief because the 1997 tax return was received past due in mid-April 1998 (without an extension). Although the IRS has no record of receiving a return for the 1998 taxable year, returns for both 1999 and 2000 have posted. Further, the improper Employer Identification Number you had used does not have a 1998 return posted. Although we are unable to respond to your request as submitted, this letter provides useful information about correcting your situation. .

Announcement 97-4 (copy enclosed) provides guidance on seeking relief for late 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 ruling are set out in Revenue Procedure 2002-1 (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. 2002-1.

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 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

If you have computer web access, you may wish to visit www.irs.gov/smallbiz for specialized tax information, products, and forms relating to small businesses.

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. 2002-1