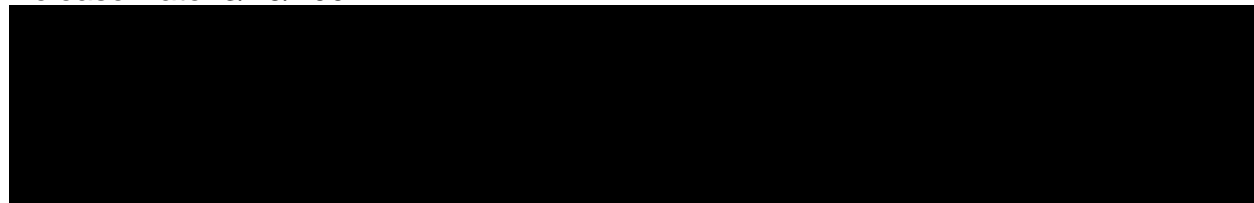


INTERNAL REVENUE SERVICE

Number: **INFO 2002-0028**

Release Date: 3/29/2002





CC:PSI:1-GENIN-165311-01

Jan 22 2002

UILC 1362.00-00



We are responding to correspondence, submitted on your behalf by   requesting relief in order to establish 1996 as the effective taxable year for your S corporation status. The information submitted explains that you believed your “new” corporation had been granted S corporation status. However, according to Internal Revenue Service records, no such election has ever been received.

Your “new” corporation is ineligible for automatic late S corporation relief because the Internal Revenue Service has never posted a return for 1996 nor 1997 for this corporate taxpayer. Under the new corporation, returns for the 1998, 1999, and 2000 taxable years have been received. The last return posted for the “old” company was for taxable year 1996. 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