

**INTERNAL REVENUE SERVICE**

Number: **INFO 2002-0029**

Release Date: 3/29/2002

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CC:PSI:1-GENIN-165296-01

Jan 22 2002

UILC 1362.00-00

[REDACTED]:

We are responding to correspondence, submitted on your behalf by [REDACTED] CPA, requesting relief in order to establish 1998 as the first taxable year for an S corporation election for [REDACTED]. The information submitted explains that the professional who you hired at inception failed to file your Form 2553. Internal Revenue Service records reflect that no return has been received on this corporate account for the taxable year 1998, which renders your company ineligible for automatic relief under Revenue Procedure 97-48. However, the IRS has subsequently approved an election for an effective date of January 1, 2001. 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 internet access, you may wish to visit [www.irs.gov/smallbiz](http://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