

**INTERNAL REVENUE SERVICE**

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CC:PSI:1-COR-103573-02

February 15, 2002

UILC 1362.00-00

██████████:

We are responding to a letter, submitted on your behalf by ██████████, CPA, requesting relief in order to establish February 20, 1989, as the effective date for your S corporation election. The information submitted explains that, since inception, you have treated your corporation as though it had been granted S corporation status. However, information provided to this office by the Internal Revenue Service indicates that although a timely 1120S was filed for 1989 and several other years, a Form 1120 was filed for the taxable year ██████████, and no return has been received for the ██████████ taxable year. Therefore, automatic late S corporation relief pursuant to Revenue Procedure 97-48 is unavailable. Although we are unable to respond to your request as submitted, this letter provides useful information relating to your situation.

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 2002-1 (copy enclosed). In addition, Rev. Proc. 2002-1 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

For further specialized information and useful links relating to small businesses, consider visiting the IRS website at [www.irs.gov/smallbiz](http://www.irs.gov/smallbiz).

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  
Chief, Branch 1  
Associate Chief Counsel  
(Passthroughs and Special Industries)

Enclosures:  
Announcement 97-4  
Rev. Proc. 2002-1