

INTERNAL REVENUE SERVICE

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CC:PSI:1-GENIN-107375-02

March 18, 2002

UILC 1362.00-00

[REDACTED]:

We are responding to correspondence, submitted on your behalf by **[REDACTED]** CPA, requesting relief in order to establish 1999 as the effective taxable year for your S corporation election. The information submitted explains that a Form 2553 was submitted. However, according to IRS records, a Form 2553 was not received. Although we are unable to respond to your request as submitted, this letter provides useful information relating to your request.

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 tax return for the last 12-month taxable period qualify for a **reduced user fee** in the amount of \$500. If you qualify for this reduced fee you must include with your request a statement verifying your 2001 gross income. Please review Appendix B of Rev. Proc. 2002-1 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, information that substantiates your intent to be an S corporation from the requested effective date, 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

Visit the specialized IRS website, www.irs.gov/smallbiz for information and links relating to small businesses. Additionally, you can order a single, free copy of the *Small Business Resource Guide CD-ROM*, by calling 1-800-829-3676. The CD-ROM provides critical tax information including forms, instructions, and publications, as well as valuable business information from a variety of government agencies, non-profit organizations, and educational institutions.

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