

INTERNAL REVENUE SERVICE

Number: **INFO 2002-0183**

Release Date: 9/30/2002

[REDACTED]

[REDACTED]

[REDACTED]

CC:PSI:1-GENIN-140322-02

Aug 28 2002

UILC 1362.00-00

[REDACTED]:

We are responding to your correspondence regarding [REDACTED], requesting to establish S corporation status for the [REDACTED] taxable year. This letter is being provided to you pursuant to the taxpayer's power of attorney. The information submitted explains that the taxpayer failed to file a timely election. Automatic relief under Revenue Procedure 97-48 is unavailable because a notice about the election deficiency was sent by the Internal Revenue Service within six months from the date that a Form 1120S tax return was filed. Although we are unable to grant automatic relief, this letter provides information relating to your client's situation.

Announcement 97-4 (copy enclosed) provides guidance on seeking relief for late S corporation elections. Generally, to request relief for a late S corporation election you must request a private letter ruling from the National Office. The information forwarded to our office is insufficient for us to process a private letter ruling request. 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 most recent 12-month taxable year, qualify for a **reduced user fee** in the amount of \$500. If your client qualifies for the reduced fee, include a statement certifying their gross income for the 2001 taxable year.

If your client decides to submit a formal request for a private letter ruling, please review Appendix B of Rev. Proc. 2002-1, and be certain to include all required procedural statements. Also include the proper user fee and any documents that substantiate the taxpayer's intent to be an S corporation from the requested effective date. Please 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

In addition, the IRS has developed two new CD-ROMs to help educate small business owners on their tax responsibilities: (1) *Introduction to Federal Taxes for Small Business/Self-Employed*; and (2) *A Virtual Small Business Workshop*. These two CD-ROMs are free and can be ordered by calling 1-800-829-3676. The IRS also provides a special website, www.irs.gov/smallbiz which is dedicated to providing information to small business taxpayers.

Please keep this letter with your tax records and feel free to provide a copy of it to your client. 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