

INTERNAL REVENUE SERVICE

Number: **INFO 2003-0306**
Release Date: 12/31/2003

[REDACTED]

[REDACTED]

CC:PSI:1-GENIN-156664-03

Oct 17 2003
UILC 1362.01-03

Dear [REDACTED]:

We are responding to correspondence, submitted on your behalf by your representative, requesting automatic relief in order to establish S corporation status effective as of the 2001 taxable year. The information submitted indicates that a Form 2553 was filed in 2001; however, the Internal Revenue Service failed to receive a timely election for your account and you have not produced proof of mailing it. In your situation, automatic late S corporation relief is unavailable under Revenue Procedure 97-48 because IRS notified you about the Form 2553 deficiency within six months of receiving your first Form 1120S tax return. Although we are unable to grant automatic late S corporation election relief, this letter provides information relating to your request.

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 (PLR) from the National Office. The request sent to our office is insufficient for us to process a PLR. The procedures for requesting a PLR are set forth in Revenue Procedure 2003-1 (copy enclosed). In addition, a user fee must be submitted along with the request. The standard fee is \$6,000; however, taxpayers with gross income of less than \$1 million on their tax return for the most recent 12-month taxable period, qualify for a *reduced fee* in the amount of \$500. If you qualify for the reduced fee, you must include a statement indicating that your corporate gross income for the last 12-month taxable year was less than one million dollars.

If you decide to submit a formal request for a private letter ruling, please follow the sample format provided in Appendix B of Rev. Proc. 2003-1. Your request should include all required procedural statements, a check for the user fee, and any documents that substantiate your intent to be an S corporation from inception. 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 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. 2003-1