

Internal Revenue Service

Department of the Treasury

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Washington, DC 20224

Person to Contact:

Telephone Number:

Refer Reply To:

CC:PSI:2-PLR-142978-02

Date:

November 21, 2002

Legend

X:

A:

B:

Date 1:

Date 2:

Dear _____ :

This responds to a letter dated May 4, 2002, and subsequent correspondence, submitted on behalf of X, requesting a ruling under § 1362(b)(5) of the Internal Revenue Code.

The information submitted states that X was incorporated on Date 1. A and B, the shareholders of X, intended for X to be an S corporation effective Date 2. However, a Form 2553, Election by a Small Business Corporation, was not timely filed for X's taxable year beginning Date 2.

Section 1362(b)(5) provides that if -- (A) an election under § 1362(a) is made for any taxable year after the date prescribed by § 1362(b) for making such election for such taxable year or no such election is made for any taxable year, and (B) the Secretary determines that there was reasonable cause for the failure to timely make such election, the Secretary may treat such an election as timely made for such taxable year.

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Based solely on the facts and the representations submitted, we conclude that X has established reasonable cause for failing to make a timely election to be an S corporation for X's taxable year beginning Date 2. Accordingly, provided that X makes an election to be an S corporation by filing a completed Form 2553 with the appropriate service center within 60 days following the date of this letter, then such election will be treated as timely made for X's taxable year beginning Date 2. A copy of this letter should be attached to the Form 2553.

Except as specifically set forth above, no opinion is expressed concerning the federal tax consequences of the facts described above under any other provision of the Code, including whether X was or is a small business corporation under § 1361(b).

This ruling is directed only to the taxpayer who requested it. Section 6110(k)(3) provides that it may not be used or cited as precedent.

Sincerely yours,

Carolyn Hinchman Gray

Carolyn Hinchman Gray
Senior Counsel, Branch 2
Associate Chief Counsel
(Passthroughs and Special Industries)

Enclosures (2)

Copy of this letter

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