

**Internal Revenue Service**

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Department of the Treasury  
Washington, DC 20224

Third Party Communication: None  
Date of Communication: Not Applicable

Person To Contact:  
, ID No.  
Telephone Number:

Refer Reply To:  
CC:PSI  
GENIN-107713-05  
Date:  
March 23, 2005

Dear [REDACTED]:

This letter responds to your request dated January 13, 2005, seeking to revoke your S corporation election as of August 4, 2004. Generally, termination of an S corporation election by revocation is accomplished prospectively, not retroactively.

Pursuant to §1.1362-2(1) of the Income Tax Regulations, an election made under § 1362(a) of the Internal Revenue Code is terminated if the corporation revokes the election for any taxable year of the corporation for which the election is effective, including the first taxable year. A revocation may be made only with the consent of shareholders who, at the time the revocation is made, hold more than one-half of the number of issued and outstanding shares of stock (including non-voting stock) of the corporation. In general, a revocation made during the taxable year and before the 16th day of the third month of the taxable year is effective on the first day of the taxable year and a revocation made after the 15th day of the third month of the taxable year is effective for the following taxable year.

If a corporation makes an election to be an S corporation that is to be effective beginning with the next taxable year and revokes its election on or before the first day of the next taxable year, the corporation is deemed to have revoked its election on the first day of the next taxable year. If a corporation specifies a date for revocation and the date is expressed in terms of a stated day, month, and year that is on or after the date the revocation is filed, the revocation is effective on and after the date so specified.

Under § 1.1362-6(b)(3)(i) to revoke an election, the corporation files a statement that the corporation revokes the election made under § 1362(a). The statement must be filed with the service center where the election was properly filed. The revocation statement must include the number of shares of stock (including non-voting stock) issued and outstanding at the time the revocation is made. In addition, each consent statement should indicate the number of issued and outstanding shares of stock (including non-voting stock) held by each shareholder at the time of the revocation.

If you wish to revoke your election as of January 1, 2005, your revocation statement, a copy of this letter, and the copy of your January request, along with a copy of this letter must be filed within 30 days of the date of this letter. We recommend that you send your revocation package to the Ogden Service Center via facsimile at (801) 620-7116. Please keep the facsimile transmission receipt for your records.

If you have any additional questions, please contact our office at (202) 622-3050.

Sincerely,

/s/ Dianna K. Miosi  
Dianna Miosi  
Chief, Branch 1  
Office of Associate Chief Counsel  
(Passthroughs & Special Industries)

Enclosure:  
copy of request