

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-137456-05

Date: April 21, 2006

Dear _____ :

This letter responds to your request to revoke an Election under Subchapter S. Your corporation was granted S corporation status as of January 1, 2000. Subsequently, you intended to issue a second class of stock during 2001, which never came to pass. Meanwhile, you attempted to file a statement revoking the election as of January 1, 2001; however, the Internal Revenue Service failed to receive the statement.

Generally, an election can be terminated either by revocation, by reason of the corporation ceasing to be a small business corporation, or by reason of excess passive investment income. In your situation, the IRS failed to receive your revocation statement for 2001, and the second class of stock was never issued. Consequently, unless you have had passive investment income, there appears to be nothing precluding you from maintaining S corporation status from tax year 2000 forward.

This letter has called your attention to certain general principles of the law. It is intended for informational purposes only and does not constitute a ruling. Please keep this letter with your records and feel free to provide a copy to your representative. We hope the information provided proves useful. If you have any questions, you may contact our office at () .

Sincerely,

/s/

Dianna K. Miosi

Chief, Branch 1

Office of Chief Counsel

(Passthroughs & Special Industries)