

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:3

PLR-138722-06

Date:

December 13, 2006

Company:

Shareholder:

State:

a:

b:

c:

Dear _____ :

This letter responds to a letter from your authorized representative dated August 8, 2006, requesting a ruling under § 1362(b)(5) of the Internal Revenue Code that Company's late election under § 1362(a) to be an S corporation will be treated as timely made.

FACTS

Company was organized as a limited liability company under the laws of State on a and converted to a State corporation on b. Shareholder intended Company to be an S corporation effective c. Company timely filed Form 8832 (Entity Classification Election) with the Internal Revenue Service, electing for federal tax purposes to be

treated as an association taxable as a corporation effective c. However, Company inadvertently failed to file Form 2553 (Election by a Small Business Corporation). Consistent with S corporation status, Company filed Form 1120S (U.S. Income Tax Return for an S Corporation) for its first tax year, and Shareholder filed Form 1040 (U.S. Individual Income Tax Return) for the same year.

LAW AND ANALYSIS

Section 1362(b)(1) provides, in general, that an election by a small business corporation under § 1362(a) to be an S corporation may be made for any tax year (A) at any time during the preceding tax year, or (B) at any time during the tax year and on or before the 15th day of the 3d month of the tax year.

Section 1362(b)(3) provides that if (A) a small business corporation makes an election under § 1362(a) for any tax year, and (B) that election is made after the 15th day of the 3d month of the tax year and on or before the 15th day of the 3d month of the following tax year, then that election shall be treated as made for the following tax year.

Section 1362(b)(5) provides that if (A) an election under § 1362(a) is made for any tax year (determined without regard to § 1362(b)(3)) after the date prescribed by § 1362(b) for making the election for that tax year or no such election is made for any tax year, and (B) the Secretary determines that there was reasonable cause for the failure to timely make the election, the Secretary may treat such election as timely made for that tax year (and § 1362(b)(3) shall not apply).

CONCLUSION

Based on the facts and representations submitted, we rule that Company's election under § 1362(a) is to be treated under § 1362(b)(5) as filed timely for its tax year beginning a. This ruling is contingent on Company filing Form 2553, to be effective on a, with the appropriate service center no later than 60 days from the date of this letter. A copy of this letter should be attached to the Form 2553.

Except for the specific ruling above, we express or imply no opinion concerning the federal tax consequences of the facts of this case under any other provision of the Code. Specifically, we express or imply no opinion as to whether Company otherwise is eligible to be an S corporation.

Under a power of attorney on file with this office, we are sending a copy of this letter to your authorized representative.

This ruling is directed only to the taxpayer on whose behalf it was requested. According to § 6110(k)(3), this ruling may not be used or cited as precedent.

Sincerely,

/s/

MARY BETH COLLINS
Senior Technician Reviewer, Branch 3
Office of Associate Chief Counsel
(Passthroughs and Special Industries)

enclosures: copy of this letter
copy for § 6110 purposes