



DEPARTMENT OF THE TREASURY
INTERNAL REVENUE SERVICE
WASHINGTON, D.C. 20224

OFFICE OF THE CHIEF COUNSEL

July 31, 2015

CC:PSI:B03
GENIN-139879-14

ID No.

Number: **2015-0029**
Release Date: 9/25/2015

UIL: 1362.01-03

Dear _____ :

This letter responds to your letter dated October 14, 2014, requesting that the Internal Revenue Service “authorize late election relief for S Corporation designation and waive any further filing requirements” for your professional limited liability company. Representatives from this office have telephoned you several times to explain that we cannot consider the requested ruling without the documents and information required in all ruling requests. See Rev. Proc. 2015-1, § 7.01, 2015-1 I.R.B. 1. In addition, a request for a letter ruling requires the payment of the applicable user fee listed in Appendix A of this revenue procedure. In an effort to provide you with useful information and to close this inquiry, we now are responding to you with this general information letter that describes the general procedures for requesting such relief.

For general background, a business entity that is not classified as a corporation under § 301.7701-2(b)(1), (3), (4), (5), (6), (7), or (8) (an eligible entity) of the Procedure and Administration Regulations can elect its classification for federal tax purposes. Unless a domestic eligible entity with a single owner elects otherwise, it will be disregarded as an entity separate from its owner for federal tax purposes by default under § 301.7701-3(b). In that case, an owner reports all business income on the appropriate schedule of his or her individual federal income tax return. Elections are necessary only when an eligible entity does not want to be classified under the default classification or when an eligible entity chooses to change its classification.

Depending on your specific facts, there may be two issues involved: entity classification (so that your entity is classified as an association taxable as a corporation) and the election to be an S corporation. As outlined in the September 12, 2014, letter to you from the Cincinnati Service Center, Revenue Procedure 2013-30, 2013-36 I.R.B.

173, provides a simplified method for requesting late relief for both of these elections. Situations within the scope of Revenue Procedure 2013-30 are in lieu of the letter ruling process ordinarily used to obtain relief for a late election under Subchapter S or late entity classification, and user fees do not apply to corrective actions under the revenue procedure. Relief is generally available under the revenue procedure's simplified method if (1) the entity requesting relief intended to be classified as an S corporation as of the date it wishes the S corporation election to be effective, (2) the entity requests relief under the revenue procedure within 3 years and 75 days after the intended effective date, (3) the failure to qualify as an S corporation as of the intended effective date was solely because the S corporation election was not timely filed by the due date set forth in Internal Revenue Code § 1362(b), and (4) the entity has reasonable cause for failing to timely make the election. Please see sections 4 and 5 of the enclosed copy of Revenue Procedure 2013-30, which explain the specific requirements that must be met in order to obtain relief under the simplified method.

An entity that does not meet the requirements for relief or is denied relief under Revenue Procedure 2013-30 may instead seek relief by requesting a letter ruling. As mentioned above, the procedural requirements for requesting a letter ruling are described in Revenue Procedure 2015-1, 2015-1 I.R.B. 1, and the additional information to be provided regarding a late entity classification is described in § 301.9100-3 of the Procedure and Administration Regulations. Copies of these documents are also enclosed.

This letter has called your attention to certain general principals of law. It is intended for informational purposes only and does not constitute a ruling. See Rev. Proc. 2015-1, § 2.04. Information letters are advisory only, and therefore the Internal Revenue Service is not bound by any statements contained herein.

We hope this general information is helpful. Please contact our office at if you have further questions.

Sincerely,

Holly Porter
Branch Chief, Branch 3
Office of the Associate Chief Counsel
(Passthroughs & Special Industries)

Enclosures (3)