

Internal Revenue Service

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Department of the Treasury

Washington, DC 20224

[Third Party Communication:

Date of Communication: Month DD, YYYY]

Person To Contact:

, ID No.

Telephone Number:

Refer Reply To:

CC:PSI:B01

PLR-110742-15

Date:

June 25, 2015

LEGEND

X =

A =

B =

C =

D =

E =

a =

b =

c =

Date 1 =

Date 2 =

Date 3 =

Date 4 =

State =

Dear :

This responds to a letter dated December 31, 2014, and subsequent correspondence, submitted on behalf of X by X's authorized representative requesting permission for X to make a new S election prior to the expiration of the five-year period specified in section § 1362(g) of the Internal Revenue Code.

FACTS

According to the information submitted, X was incorporated on Date 1 in State. Prior to Date 2, X was taxed as an S corporation. On Date 2, X revoked its S corporation election. On Date 2, A and B were shareholders of X, owning a% and b% of the X shares respectively. On Date 3, A and B sold b% of their X shares to C, D, and E, all eligible S corporation shareholders. After the sale, A and B together owned c% of the X shares.

LAW AND ANALYSIS

Section 1362(g) provides that, if a small business corporation has made an election under § 1362(a) and if such election has been terminated under § 1362(d), such corporation (and any successor corporation) shall not be eligible to make an election under subsection (a) for any taxable year before its 5th taxable year which begins after the 1st taxable year for which such termination is effective, unless the Secretary consents to such election.

Section 1.1362-5(a) of the Income Tax Regulations provides, in relevant part, that the corporation has the burden of establishing that under the relevant facts and circumstances, the Commissioner should consent to a new election. The fact that more than 50 percent of the stock in the corporation is owned by persons who did not own any stock in the corporation on the date of the termination tends to establish that consent should be granted. In the absence of this fact, consent ordinarily is denied unless the corporation shows that the event causing termination was not reasonably within the control of the corporation or the shareholders having a substantial interest in

the corporation and was not part of a plan of the corporation or of such shareholders to terminate the election.

CONCLUSION

Based solely on the facts submitted and the representations made, X is granted permission to elect to be an S corporation effective Date 4 if, within 120 days from the date of this letter, X submits a properly completed Form 2553, Election by a Small Business Corporation, with a copy of this letter attached, to the appropriate service center.

Except as expressly provided herein, no opinion is expressed or implied concerning the tax consequences of any aspect of any transaction or item discussed or referenced in this letter. Specifically, no opinion is expressed or implied concerning whether X otherwise qualifies as an S corporation for federal tax purposes.

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

In accordance with the power of attorney on file with this office, a copy of this letter is being sent to the taxpayer's authorized representative.

Sincerely,

Laura C. Fields

Laura C. Fields
Senior Technician Reviewer, Branch 1
Office of the Associate Chief Counsel
(Passthroughs & Special Industries)

Enclosures (2)

Copy of this letter

Copy of this letter for section 6110 purposes