

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:B03
PLR-135424-16

Date:
May 03, 2017

Legend

X =

A =

State =

Date 1 =

Date 2 =

Dear :

This letter responds to a letter dated September 30, 2016, and subsequent correspondence, that was submitted on behalf of X by its authorized representative, requesting a ruling under § 1362(b)(5) of the Internal Revenue Code (Code).

FACTS

The information submitted states that X was incorporated in State on Date 1. A, the sole member of X, intended for X to be an S corporation effective Date 2; however, X failed to timely file Form 2553, Election by a Small Business Corporation.

LAW

Section 1362(a) provides that a small business corporation may elect to be an S corporation.

Section 1362(b) provides the rule on when an S election will be effective. Generally, if an S election is made within the first two and one-half months of a corporation's taxable year, then the corporation will be treated as an S corporation for the year in which the election is made. Section 1362(b)(3) provides that if an S election is made after the first two and one-half months of a corporation's taxable year, then the corporation will not be treated as an S corporation until the taxable year after the year in which the S election is made.

Section 1362(b)(5) provides that if (1) an election under § 1362(a) was made for any taxable year after the date prescribed by § 1362(b) for making the election for the taxable year or no § 1362(a) election was made for any taxable year, and (2) the Secretary determines that there was reasonable cause for the failure to timely make the election, then the Secretary may treat the election as timely made for such taxable year and § 1362(b)(3) shall not apply.

CONCLUSIONS

Based solely on the facts submitted and the representations made, we conclude that X has established reasonable cause for failing to make a timely election to be an S corporation effective Date 2. Accordingly, provided that X makes an election to be an S corporation by filing a properly completed Form 2553 with the appropriate service center effective Date 2 within 120 days following the date of this letter, then such election will be treated as timely made for X's taxable year beginning on Date 2. A copy of this letter should be attached to the Form 2553. X and A must also file any necessary original or amended federal income tax returns consistent with the treatment of X as an S corporation for each of the tax years affected by this letter. A copy of this letter should be attached to each return.

Except as specifically ruled upon above, we express or imply no opinion concerning the tax consequences of any facts 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) of the Code provides that it may not be used or cited as precedent.

The ruling contained in this letter is based upon information and representations submitted by the taxpayer and accompanied by a penalty of perjury statement executed

by an appropriate party. While this office has not verified any of the materials submitted as part of the ruling request, it is subject to verification on examination.

In accordance with the Power of Attorney on file with this office, a copy of this letter is being sent to your authorized representative.

Sincerely,

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