

Internal Revenue Service

Department of the Treasury
Washington, DC 20224

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Person To Contact:
, ID No.

Telephone Number:

Refer Reply To:
CC:PSI:03
PLR-133725-17

Date:
May 08, 2018

Legend

Company =

A =

State =

Date =

Dear :

This letter responds to a letter dated October 13, 2017, and subsequent correspondence, submitted on behalf of Company by its authorized representative requesting a ruling under §1362(b)(5) of the Internal Revenue Code (Code).

Facts

Company was incorporated under State law on Date. Company's sole shareholder, A, intended for Company to be an S corporation as of Date. However, Company's Form 2553, Election by a Small Business Corporation, was not filed timely. Company requests a ruling that it will be recognized as an S corporation effective Date.

Law

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

S corporation.

Section 1362(b) provides when an S corporation election will be effective. Generally, if an S corporation election is made within the first two and one half months of a corporation's taxable year, then that corporation will be treated as an S corporation beginning the year in which the election is made.

Section 1362(b)(3) provides that if an S corporation election is made after the first two and one half months of a corporation's taxable year, then that 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) is made for any taxable year after the date prescribed by §1362 for making the election or no §1362(a) election is 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.

Conclusion

Based upon the facts submitted and representations made, we conclude that Company has established reasonable cause for not making a timely election and is eligible for relief under § 1362(b)(5). Accordingly, if Company makes an election to be an S corporation by filing with the appropriate service center a completed Form 2553 with an effective date of Date, within 120 days following the date of this letter, then such election will be treated as timely made. A copy of this letter should be attached to the Form 2553 filed with the service center. A copy is enclosed for that purpose.

This ruling is contingent on Company and its sole shareholder, A, filing, within 120 days from the date of this letter, any original or amended federal income tax returns necessary to be consistent with the treatment of Company as an S Corporation for each of the tax years affected by this letter. A copy of this letter should be attached to these returns.

Except as specifically set forth above, we express or imply no opinion concerning the federal tax consequences of the facts described above under any other provision of the Code. Specifically, we express or imply no opinion concerning whether Company otherwise qualifies as an S corporation for federal tax purposes.

This ruling is directed only to the taxpayer who requested 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 material submitted in the support of the ruling request, it is subject to verification on examination.

Sincerely,

Caroline E. Hay
Assistant to the Branch Chief, Branch 3
Office of the Associate Chief Counsel
(Passthroughs & Special Industries)

Enclosures (2):

Copy of this letter

Copy for §6110 purposes

cc: