

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:PT&E:01
PLR-117542-25
Date:
February 20, 2026

LEGEND

X =

Y =

State =

Date 1 =

Date 2 =

Date 3 =

Dear :

This letter responds to a letter dated September 15, 2025, submitted on behalf of X by its authorized representatives, requesting that the Service grant relief to file a late S corporation election under § 1362(b)(5) of the Internal Revenue Code (“Code”). The letter also requests that the Service grant an extension of time under § 301.9100-3 of the Procedure and Administration Regulations to file a late election to treat Y as a qualified subchapter S subsidiary (“QSub”) under § 1361(b)(3).

FACTS

Y was formed as a limited liability company organized under the laws of State on Date 1. X was formed as a limited liability company organized under the laws of State on Date 2. X was eligible and intended to elect to be treated as an S corporation effective Date 2. However, X inadvertently failed to timely file Form 2553, Election by a Small Corporation. Through a reorganization, X became the sole owner of Y.

Y was eligible, and X intended for Y, to be treated as a QSub of X effective Date 3. However, X failed to timely file Form 8869, Qualified Subchapter S Subsidiary Election, for Y. Additionally, X and Y represent that X, Y, and X's shareholders filed all returns consistent with X's status as an S corporation and Y's status as a QSub.

LAW AND ANALYSIS

Section 1361(a) provides that the term "S corporation" means, with respect to any taxable year, a small business corporation for which an election under § 1362(a) is in effect for such year.

Section 1361(b)(3)(B) defines a QSub as a domestic corporation which is not an ineligible corporation, if 100 percent of the stock of the corporation is owned by the S corporation, and the S corporation elects to treat the corporation as a qualified subchapter S subsidiary.

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 make 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.

Section 1.1361-3(a) prescribes the time and manner for making an election be classified as a qualified subchapter S subsidiary.

Section 1.1361-3(a)(4) provides that an election to treat an eligible subsidiary as a qualified subchapter S subsidiary may be effective up to two months and 15 days prior to the date the election is filed or not more than 12 months after the election is filed.

Section 301.9100-1(c) provides that the Commissioner may grant a reasonable extension of time under the rules set forth in §§ 301.9100-2 and 301.9100-3 to make a regulatory election, or a statutory election (but not more than 6 months except in the case of a taxpayer who is abroad), under all subtitles of the Code except subtitles E, G, H, and I. Section 301.9100-1(b) provides that the term “regulatory election” includes an election whose due date is prescribed by a regulation published in the Federal Register.

Section 301.9100-2 provides the rules governing automatic extensions of time for making certain elections. Section 301.9100-3 provides the standards the Commissioner will use to determine whether to grant an extension of time for regulatory elections that do not meet the requirements of § 301.9100-2.

Section 301.9100-3(a) provides that requests for relief subject to § 301.9100-3 will be granted when the taxpayer provides the evidence (including affidavits described in § 301.9100-3(e)) to establish to the satisfaction of the Commissioner that (1) the taxpayer acted reasonably and in good faith, and (2) the grant of relief will not prejudice the interests of the Government.

ANALYSIS

Based solely on the information submitted and the representations made, we conclude that X has satisfied the requirements of § 1362(b)(5). Therefore, X is granted 120 days from the date of this letter to file Form 2553 with the appropriate service center and elect to be treated as an S corporation for federal tax purposes, effective Date 2. A copy of this letter should be attached to the Form 2553.

Additionally, X is granted 120 days from the date of this letter to file Form 8869 with the appropriate service to elect to treat Y as a QSub for federal tax purposes, effective Date 3. A copy of this letter should be attached to the Form 8869.

This ruling is contingent on X and its owners filing, within 120 days of the date of this letter, to the extent necessary or appropriate, all required federal income tax returns and information returns (including amended returns) consistent with the requested relief granted herein. A copy of this letter should be attached to any such returns.

Except as expressly provided herein, 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 regarding X's eligibility to be an S corporation or Y's eligibility to be a QSub.

The rulings contained in this letter are based on 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 support of the ruling request, it is subject to verification on examination.

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.

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

Sincerely,

Christiaan T. Cleary
Senior Technician Reviewer
Office of the Associate Chief Counsel
(Passthroughs, Trusts, and Estates)

Enclosure:
Copy of this letter for section 6110 purposes

cc: