

Internal Revenue Service

Number: **201131005**

Release Date: 8/5/2011

Index Number: 1362.00-00, 1362.01-03

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-106723-11

Date: April 7, 2011

Legend

Company =

Shareholder =

State =

Date =

Dear :

This letter responds to a letter dated February 7, 2011, and subsequent correspondence, submitted on behalf of Company by Company's authorized representative, requesting a ruling under § 1362(b)(5) of the Internal Revenue Code (Code).

Facts

Company was incorporated in State on Date. Company's sole Shareholder intended for Company to be an S corporation effective Date. However, Company's Form 2553, Election by a Small Business Corporation, was not timely filed.

Company requests a ruling that it will be recognized as an S corporation effective Date.

LAW AND ANALYSIS

Section 1362(a)(1) provides that a small business corporation may elect to be an S corporation.

Section 1362(b)(1) provides that an election under § 1362(a) may be made by a small business corporation for any taxable year at any time during the preceding taxable year, or at any time during the taxable year and on or before the 15th day of the third month of the taxable year.

Section 1362(b)(3) provides that if a small business corporation makes an election under § 1362(a) for any taxable year, and the election is made after the 15th day of the third month of the taxable year and on or before the 15th day of the third month of the following taxable year, then the election is treated as made for the following taxable year.

Section 1362(b)(5) provides that if an election under § 1362(a) is made for any taxable year (determined without regard to § 1362(b)(3)) after the date prescribed by § 1362(b) for making the election for the taxable year or no election is made for any taxable year, and 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 the taxable year (and § 1362(b)(3) shall not apply).

CONCLUSION

Based solely on the facts submitted and the representations made, we conclude that Company has established reasonable cause for failing to make an S corporation election in a timely manner. Thus, we conclude that Company is eligible for relief under § 1362(b)(5). Accordingly, if Company makes an election to be an S corporation effective Date by filing a completed Form 2553 with the appropriate service center within 120 days from 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.

This ruling is contingent on Company and Stockholder filing income tax returns reporting income consistent with Company's intended status as an S corporation for all prior taxable years beginning in the taxable year of Date. A copy of this letter must be attached to any income tax return to which it is relevant. Alternatively, taxpayers filing their returns electronically may satisfy this requirement by attaching a statement to their return that provides the date and control number of the letter ruling.

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.

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 representative.

Sincerely,

Richard T. Probst
Senior Technician Reviewer, Branch 3
(Passthroughs & Special Industries)

Enclosures (2)

A copy of this letter
A copy for § 6110 purposes