

## Internal Revenue Service

Department of the Treasury

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Washington, DC 20224

Person to Contact:

Telephone Number:

Refer Reply To:

CC:PSI:3 PLR-111278-00

Date:

September 14, 2000

### Legend

Company =

State =

Shareholders =

a =

b =

Dear

This letter responds to a letter dated May 1, 2000, and subsequent correspondence, requesting a ruling on behalf of Company under § 1362(b)(5) of the Internal Revenue Code.

The information submitted discloses that Company was incorporated on a in State. Company has six shareholders, Shareholders. It is represented that Company has intended to be an S corporation since b. However, Company discovered that its S election had not been timely filed.

Company requests a ruling that its § 1362(a) election will be treated as timely made for its taxable year that begins on b.

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

Section 1362(b) explains 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 that 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 that corporation will not be treated as an S corporation until the taxable year following the year in which the S election is made.

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

Applying the relevant law to the facts submitted and representations made, we rule that Company's § 1362(a) election will be treated as timely made for its taxable year that begins on b. However, this ruling is contingent on Company filing Form 2553, Election by a Small Business Corporation, with an effective date of b, with the appropriate Service Center within 60 days from the date of this ruling. A copy of this letter should be attached to the Form 2553.

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

Except as specifically set forth above, we express no opinion concerning the federal tax consequences of the foregoing facts. Specifically, we express no opinion on whether Company otherwise qualifies as an S corporation.

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

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

Sincerely yours,  
ROBERT HONIGMAN  
Acting Assistant to the Chief, Branch 3  
Office of the Associate Chief Counsel  
(Passthroughs and Special Industries)

Enclosure:

Copy for section 6110 purposes