

Internal Revenue Service

Department of the Treasury

Number: **200230028**
Release Date: 7/26/2002
Index Number: 1362.01-03

Washington, DC 20224

Person to Contact:

Telephone Number:

Refer Reply To:
CC:PSI:2-PLR-100190-02
Date:
April 17, 2002

X =

A =

Date 1 =

Year 1 =

Dear :

This letter responds to a letter, dated December 30, 2001, submitted by X's authorized representative, requesting a ruling under §1362(b)(5) of the Internal Revenue Code.

The information submitted states that X was incorporated on Date 1. A, the president of X, represents and X's Form SS-4, Application for Employer Identification Number, indicates that X was intended to be an S corporation beginning on Date 1. However, because of a misunderstanding as to the proper date for filing the S election a Form 2553, Election by a Small Business Corporation, was not timely filed on X's behalf for Year 1.

Section 1362(b)(5) of the Code provides that if -- (A) an election under §1362(a) is made for any taxable year after the date prescribed by §1362(b) for making such election for such taxable year or no such election is made for any taxable year, and (B) the Secretary determines that there was reasonable cause for the failure to timely make such election, the Secretary may treat such an election as timely made for such taxable year.

Based solely on the facts and the representations submitted, we conclude that X has established reasonable cause for failing to make a timely election to be an S corporation for Year 1. Accordingly, provided that X makes an election to be an S corporation by filing a completed Form 2553 with the appropriate service center effective for its Year 1 taxable year, within 60 days following the date of this letter, then such

election will be treated as timely made for X's Year 1 taxable year. A copy of this letter should be attached to the Form 2553.

Except as specifically set forth above, no opinion is expressed concerning the federal tax consequences of the facts described above under any other provision of the Code, including whether X was or is a small business corporation under §1361(b) of the Code.

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.

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

Sincerely yours,

J. Thomas Hines
Chief, Branch 2
Office of the Associate Chief Counsel
(Passthroughs and Special Industries)

Enclosures: 2
Copy of this letter
Copy for § 6110 purposes