

**Internal Revenue Service**

Department of the Treasury  
Washington, DC 20224

Number: **200418007**

Release Date: 4/30/04

Index Number: 1362.01-03

Person To Contact:

, ID No.

Telephone Number:

Refer Reply To:

CC:PSI:B02 – PLR-137384-03

Date:

January 13, 2004

X =

A =

D1 =

Year 1 =

Dear :

This letter responds to a letter, dated June 10, 2003, and subsequent correspondence, submitted on behalf of X by its authorized representative, requesting a ruling under § 1362(b)(5) of the Internal Revenue Code.

The information submitted states that X started operations on D1 in Year 1. A, X's president, represents that X was intended to be an S corporation beginning Year 1. However, no Form 2553, Election by a Small Business Corporation, was filed timely with the Internal Revenue Service of behalf of X. For Year 1, X filed a Form 1120S, U.S. Income Tax Return for an S Corporation.

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.

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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 X's Year 1 taxable year. 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).

This ruling is directed only to the taxpayer requesting it. Section 6110(k)(3) 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 X's authorized representative.

Sincerely yours,

Audrey W. Ellis  
Reviewer, Branch 2  
Office of Associate Chief Counsel  
(Passthroughs & Special Industries)

Enclosure (2)  
Copy of this letter  
Copy for § 6110 purposes