

New Form 8832, Entity Classification Election, Now Available

Announcement 97-5

Final regulations under section 7701 of the Internal Revenue Code became effective on January 1, 1997. The new regulations allow certain business entities to choose their classification for Federal tax purposes under an elective regime. Under the regulations, any business entity that is not required to be treated as a corporation is an “eligible entity” that may choose its classification. In order to provide most eligible entities with the classification they would choose without requiring them to file an election, the regulations provide default classification rules. For example, under the default rules, a domestic eligible entity will be treated as a partnership if it has two or more members, and disregarded as an entity separate from its owner if it has a single owner.

Form 8832 was developed for eligible entities that choose **not** to be classified under the default rules or that wish to change their previous classification. The IRS will use the information entered on Form 8832 to establish the entity’s filing and reporting requirements for Federal tax purposes.

Form 8832 is available electronically through the IRS Home Page on the World Wide Web (<http://www.irs.ustreas.gov>) or by modem directly to 703-321-8020 (not a toll-free number). You may also order Form 8832 by calling 1-800-TAX-FORM (1-800-829-3676).