

Internal Revenue Service

Department of the Treasury
Washington, DC 20224

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Person To Contact:

, ID No.

Telephone Number:

Refer Reply To:

CC:PSI:B1 – GENIN-137693-04

Date:

July 17 2004

Taxpayer =

Dear [REDACTED]:

This responds to your recent letter in which it was requested that we recognize Taxpayer's election to be an S corporation effective January 1, 2001 as well as a Qualified Subchapter S Subsidiary (QSub) election.

Taxpayer requested relief to file a late S corporation election under Rev. Proc. 2003-43. Rev. Proc. 2003-43 applies to qualified taxpayers requesting relief for a late S corporation election on or after June 19, 2003 or pending with the Service on that date. A taxpayer who has not filed a tax return for the first year in which it intended to be an S corporation must request relief under Rev. Proc. 2003-43 within 6 months of the due date of the taxpayer's first tax return. A taxpayer who has filed a tax return for the first year in which it intended to be an S corporation must request relief under Rev. Proc. 2003-43 within 24 months of the due date of the taxpayer's first tax return. Unfortunately, Taxpayer does not meet these requirements and must request relief for a late S corporation election through a private letter ruling.

Announcement 97-4 (copy enclosed) provides guidance on seeking relief for late S corporation elections. Generally, to request relief for a late S corporation election you must request a private letter ruling from the National Office. The procedures for requesting a private letter ruling are set out in Revenue Procedure 2004-1 (copy enclosed). In addition, Rev. Proc. 2004-1 requires taxpayers to submit a user fee along with their ruling request. The standard user fee for a private letter ruling is \$6,000. However, taxpayers with gross income of less than \$1 million on their tax return for the most recent 12-month taxable year, qualify for a **reduced user fee** in the amount of \$500. If you qualify for the reduced fee, you must include a statement certifying your

gross income for the last 12-month taxable year. Otherwise, the higher fee will apply. An additional user fee will be required if the request also seeks relief for the QSub election.

If you decide to submit a formal request for a private letter ruling, please review Appendix B of Rev. Proc. 2004-1, and be certain to include all required procedural statements. Also include the proper user fees and any documents that substantiate your intent to be an S corporation from inception. Please refer your request to our office by adding the following to the address:

Attn: CC:PA:LPD:DU
P.O. Box 7604
Ben Franklin Station
Washington, DC 20044

Direct to: CC:PSI:1
Room 5002

We hope that this information is helpful to you. If you have additional questions, please contact _____ at _____ (not a toll-free call).

Sincerely,

/s/ Dianna K. Miosi
Dianna K. Miosi
Chief, Branch 1
Office of the Associate Chief Counsel
(Passthroughs and Special Industries)

Enclosures (2)
Announcement 97-4
Rev. Proc. 2004-1
cc: