

**Internal Revenue Service**

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Department of the Treasury

Washington, DC 20224

Third Party Communication: None

Date of Communication: Not Applicable

Person To Contact:

, ID No.

Telephone Number:

Refer Reply To:

CC:PSI

GENINF-109650-05

Date:

March 23, 2005

Dear [REDACTED]:

This letter responds to your inquiry dated January 25, 2005, requesting information relating to late entity classification and S corporation elections. Based on the information provided, it appears that you are ineligible for automatic relief under Revenue Procedure 2003-48 for the 2002 taxable year because the filing date of the first tax return has passed. Further, you are ineligible for relief under Revenue Procedure 2003-43 because your entity classification election is not currently in effect for the 2002 taxable year.

Generally, to request relief for a late S corporation or entity classification election you must request a private letter ruling (PLR) from the National Office. The procedures for requesting a PLR are set forth in Revenue Procedure 2005-1 (copy enclosed). The standard user fee for a PLR is \$7,000; however, if the entity's gross income was less than \$1 million on the 2004 tax return, it qualifies for a reduced user fee of \$625. In order for the lower fee to be accepted, you must include a statement verifying the taxpayer's gross income for the last 12-month taxable year. Otherwise, you will be billed for the higher fee. Both elections can be addressed in one request.

If you decide to submit a formal request for a PLR, please follow the sample format shown in Appendix B of Rev. Proc. 2005-1. Your request must include required procedural statements, a user fee check, and documents to substantiate your intent to be an S corporation. Please refer your ruling request to the following address:

Attn: CC:PA:T

P.O. Box 7604

Ben Franklin Station

Washington, DC 20044

Direct to: CC:PSI:1

Incidentally, the IRS has developed two compact discs (CDs) to help educate small business owners on their tax responsibilities: (1) Publication 3693, *Introduction to Federal Taxes for Small Business/Self-Employed*; and (2) Publication 3700, *Small Business Workshop*. These items are free and can be ordered by calling 1-800-829-3676. An online classroom is available at [www.irs.gov/businesses/small](http://www.irs.gov/businesses/small).

This letter has called your attention to certain general principles of the law. It is intended for informational purposes only and does not constitute a ruling. Please keep this letter with your tax records and feel free to provide a copy of it to your authorized representative. We hope that the above information proves helpful. If you have any additional questions, please contact our office at (202) 622-3050.

Sincerely,

/s/ Dianna K Miosi

Dianna K. Miosi  
Chief, Branch 1  
Office of Associate Chief Counsel  
(Passthroughs & Special Industries)

Enclosure (1)