

Internal Revenue Service

Department of the Treasury
Washington, DC 20224

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February 22, 2012

Legend

X =

State =

D1 =

Dear :

This responds to a letter dated December 16, 2011, and subsequent correspondence submitted on behalf of X by X's authorized representative, requesting a ruling under § 1362(b)(5) of the Internal Revenue Code.

The information submitted states that X was formed in State on D1. X's sole shareholder intended for X to be an S corporation effective D1. However, no Form 2553, Election by a Small Business Corporation, was timely filed for X. Accordingly, X requests a ruling that it will be treated as an S corporation effective D1.

Section 1362(a) provides that a small business corporation may elect to be an S corporation.

Section 1362(b) provides the rule on when an S election will be effective. Section 1362(b) provides, in relevant part, that if an S election is made within the first two and one-half months of a corporation's taxable year, then the corporation will be treated as an S corporation for the year in which the election is made. Under section 1362(b)(3), an S election made after the first two and one-half months of a corporation's taxable year, results in the corporation not being treated as an S corporation until the taxable year following the year in which the S election is filed.

Section 1362(b)(5) provides that if (A) an election under §1362(a) is made for any taxable year after the date prescribed by § 1362(b) for making the election for the taxable year or no § 1362(a) election is made for any taxable year, and (B) the

Secretary determines that there was reasonable cause for the failure to timely make the election, then the Secretary may treat the election as timely made for such taxable year and § 1362(b)(3) shall not apply.

X did not timely file an election under § 1362(a) to be treated as an S corporation for X's taxable year beginning D1. Based solely on the facts and the representations submitted, we conclude that X established reasonable cause for failing to make a timely election to be an S corporation effective D1. Accordingly, provided that X makes an election to be an S corporation by filing a completed Form 2553 with the appropriate service center effective D1 within 120 days following the date of this letter, then such election will be treated as timely made for X's taxable year beginning D1. A copy of this letter should be attached to the Form 2553.

Except as expressly set forth above, no opinion is expressed or implied 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).

Sincerely,

Bradford R. Poston
Senior Counsel, Branch 2
(Passthroughs & Special Industries)

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

cc: