Internal Revenue Service		Department of the Treasury Washington, DC 20224
Number: 200513007 Release Date: 4/1/2005 Index Number: 1362.01-03		Third Party Communication: None Date of Communication: Not Applicable
		Person To Contact: , ID No.
		Telephone Number:
		Refer Reply To: CC:PSI:B03 PLR-130725-04 Date: December 08, 2004
<u>X</u>	=	
A	=	
<u>State</u>	=	
<u>d1</u>	=	
Dear	:	

This letter responds to a letter dated May 26, 2004, on behalf of \underline{X} , requesting a ruling under § 1362(b)(5) of the Internal Revenue Code.

Facts

<u>X</u> was incorporated under <u>State</u> law on <u>d1</u>. <u>X</u>'s sole shareholder, <u>A</u>, intended for <u>X</u> to be an S corporation as of <u>d1</u>. However, <u>X</u>'s Form 2553, Election be a Small Business Corporation, was not filed timely. <u>X</u> requests a ruling that it will be recognized as an S corporation effective for the taxable year beginning <u>d1</u>.

Law and Analysis

Section 1362(a)(1) provides that a small business corporation may elect to be an S corporation. Section 1362(b)(1) provides that such election shall be effective for the current taxable year if it is made during the preceding taxable year or before the 15^{th} day of the third month of the current taxable year. Section 1362(b)(3) provides that an election made after the 15^{th} day of the third month of the current taxable year. Section 1362(b)(3) provides that an election made after the 15^{th} day of the third month of the current taxable year.

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Section 1362(b)(5) provides that if an election under § 1362(a) is made for any taxable year (determined without regard to § 1362(b)(3)), after the date prescribed by this subsection for making such election for such taxable year or no such election is made for any taxable year, and the Secretary determines that there was reasonable cause for the failure to make such election, then the Secretary may treat such an election as timely made for such taxable year (and § 1362(b)(3) shall not apply).

Conclusion

Based on the facts submitted and representations made, we conclude that \underline{X} has established reasonable cause for failing to make an S election in a timely manner. Thus, based on the facts submitted and representations made, we conclude that \underline{X} is eligible for relief under § 1362(b)(5). Accordingly, if \underline{X} makes an election to be an S corporation by filing with the appropriate service center a completed Form 2553 within 60 days of this letter, containing as an effective date <u>d1</u>, then such election shall be treated as timely made for \underline{X} 's taxable year beginning <u>d1</u>. A copy of this letter should be attached to the Form 2553 filed with the Service Center. A copy is enclosed for that purpose.

Except as expressly provided herein, we express or imply no opinion concerning the federal tax consequences of any aspect of any transaction or item discussed or referenced in this letter. Specifically, we express or imply no opinion concerning whether \underline{X} is otherwise eligible to be an S corporation for federal income tax purposes.

In accordance with the power of attorney on file with this office, a copy of this letter is being sent to your authorized representative.

This ruling is directed only to the taxpayer requesting it. Section 6110(k)(3) of the Code provides that it may not be used or cited as precedent.

Sincerely,

Jeanne M. Sullivan Senior Technician Reviewer, Branch 3 Office of Associate Chief Counsel (Passthroughs & Special Industries)

Enclosures (2) A copy of this letter A copy for § 6110 purposes cc: