

**Internal Revenue Service**

Department of the Treasury  
Washington, DC 20224

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Person To Contact:

, ID No. 50-21362

Telephone Number:

Refer Reply To:

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Date:

Nov 19 2004

Taxpayer = XXXXXXXXXX

Dear Taxpayer:

This responds to your letter dated August 5, 2004 in which it was requested that we recognize Taxpayer's revocation of its election to be an S corporation effective for January 1, 2002.

The information submitted explains that in August, 2004, the corporation submitted a valid revocation of its S election to the IRS service center. This revocation was to be effective for January 1, 2002. Although we are unable to respond to your request as submitted, this letter provides useful information relating to your request.

The regulations provide that a corporation may revoke its S election by filing a statement with the service center that the corporation revokes its S election. Reg. § 1.1362-6(a)(3)(i). The regulations also provide that the revocation statement must include the number of shares of stock (including non-voting stock) issued and outstanding at the time the revocation is made. The revocation may be made only with the consent of shareholders who, at the time the revocation is made, hold more than one-half of the number of issued and outstanding shares of stock (including non-voting stock) of the corporation. In addition, each consent should indicate the number of issued and outstanding shares of stock (including non-voting stock) held by each shareholder at the time of the revocation. The revocation statement should also include the name, address, and taxpayer identification number of the shareholder, the number of shares of stock owned by the shareholder, the date (or dates) on which the stock was acquired, the date on which the shareholder's taxable year ends, the name of the S corporation, and the corporation's taxpayer identification number. The statement must be signed by the shareholder under penalties of perjury. Reg. § 1.1362-6(b)(1).

Generally, a revocation made during the taxable year (and before the 16th day of the third month of the taxable year) is effective on the first day of the taxable year. A

revocation made after the 15th day of the third month of the taxable year is effective for the following taxable year. Reg. § 1.1362-2(a)(2)(i).

In sum, a revocation statement can only be accepted for a particular year if the revocation is received before the 15th day of the third month of that taxable year. If filed after the 15th day of the third month of any taxable year, it is effective for the first day of the following taxable year.

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)