

Tips for Filing Form 2553, Election by a Small Business Corporation

Timely and accurate filing of [Form 2553, Election by a Small Business Corporation](#), is critical to being treated and taxed as an S Corporation. In general, domestic corporations with no more than 100 qualified shareholders may elect S corporation status which permits the income of the corporation to be taxed to the shareholders rather than to the corporation itself. Refer to the [Form 2553 Instructions](#) for additional details and eligibility requirements.

If the corporation wants to be treated as an S Corp for the current taxable year, then it must make its S election within the first two and one-half months of the corporation's taxable year, or, at any time during the preceding taxable year. If the S election is made after the first two and one-half months of a corporation's taxable year, then that corporation will not be treated as an S corporation until the next taxable year.

A corporation's taxable year generally begins on the earlier of:

1. the date the corporation had shareholders;
 2. the date the corporation acquired assets; or
 3. the date the corporation began doing business.
- Example: A new corporation formed and issued stock to its shareholders on July 1, 2005; acquired assets on August 1, 2005; and began doing business on September 1, 2005. The election must be filed by the 15th day of the third month after July 1, 2005. Therefore the corporation must file the Form 2553 by September 15, 2005 to be treated as an S corporation for the 2005 taxable year. An election (Form 2553) filed after September 15, 2005 will apply to the following tax year, unless reasonable cause can be shown for making a late election.
 - Example: An existing corporation with a taxable year that ends on December 31, 2005, must have filed their election, Form 2553, by the previous March 15, 2005 to be treated as an S corporation for 2005. If their election was filed after March 15, 2005 it will apply to the following tax year, unless reasonable cause can be shown for making a late election.

To request relief for a late Form 2553 election (if the request for relief is filed less than 24 months after the due date of the election and within 6 months of the due date of the return) refer to Section 4.02 in [Revenue Procedure 2003-43](#).

A limited liability company (LLC) that is eligible to be treated as a corporation normally must file [Form 8832, Entity Classification Election](#). Under Treas. Reg. 301.7701-3T(c)(1)(v)(C), an eligible entity that timely elects to be an S corporation is treated as also having made an election to be classified as a corporation, provided that the entity meets all other requirements to qualify as an S corporation. As such, if an LLC files a Form 2553, a Form 8832 is not required. For more information refer to the [Frequently Asked Questions Related to LLCs](#).

There is also relief for a late election to be classified as a corporation coupled with a late election for S corporation status. See Section 4.01 of [Revenue Procedure 2004-48](#).

Generally, the name of the corporation on the Form 2553 should match the name submitted on [Form SS-4, Application for Employer Identification Number](#). Always use the corporation's true name as stated in the corporate charter or other legal document creating it and not the "Doing Business As" (DBA) name. Incorrect names result in processing delays and this is especially true if the name used on the SS-4 does not match the name on the Form 2553.

Ensure appropriate signatures and consent statements

The signature line of Form 2553 must be signed and dated by the president, vice president, treasurer, assistance treasurer, chief accounting officer, or any other corporate officer authorized to sign.

Column K of the Form 2553, Shareholders' Consent Statement, must also be signed and dated by all shareholders.

- For an election filed before the effective date, only shareholders who own stock on the day the election is made need to consent to the election.
- For an election filed on or after the effective date, all shareholders or former shareholders who owned stock at any time during the period beginning on the effective date and ending on the day the election is made must consent to the election.
- Separate consent statements are acceptable and may be attached to the Form 2553, but must contain the name, address, and federal identification number of the corporation and the information requested in columns J through N of Part I.
- For additional special rules to determine who must sign the Consent Statement, refer to the Form 2553 Instructions.

If the Form 2553 is not signed, the election will not be considered a timely election.

Qualified S corporations can only have shareholders who are individuals, estates, exempt organizations described in Internal Revenue Code (IRC) section 401(a) or 501(c)(3), and certain trusts described in section 1361(c)(2)(A).

Do not file Form 1120S prior to proper filing of S Corporation election

- Unless applying for relief for a late S Corporation election under [Revenue Procedure 2003-43](#), or [Revenue Procedure 2004-48](#), do not file [Form 1120S, U.S. Income Tax for an S Corporation](#), for any tax year before the year the election takes effect.
- If the corporation is required to file [Form 1120, U.S. Corporation Income Tax Return](#), or any other applicable tax return, continue filing until the election takes effect. When an election has been accepted the IRS will send a CP 261, Notice of Acceptance As An S Corporation. If no response is received within 60 days, contact the IRS campus where the Form 2553 was filed.

Additional references:

[Instructions for Form 2553](#)

[Instructions for Form 1120S](#)

[Instructions for Form 1120](#)

[Instructions for Form SS-4](#)

