

“(ii) ELECTIONS WITH RESPECT TO SUCCESSIVE INCOME BENEFICIARIES.—If there is an election under this paragraph with respect to any beneficiary, an election under this paragraph shall be treated as made by each successive beneficiary unless such beneficiary affirmatively refuses to consent to such election.

“(iii) TIME, MANNER, AND FORM OF ELECTION.—Any election, or refusal, under this paragraph shall be made in such manner and form, and at such time, as the Secretary may prescribe.

“(C) ELECTION IRREVOCABLE.—An election under this paragraph, once made, may be revoked only with the consent of the Secretary.

“(D) GRACE PERIOD.—An election under this paragraph shall be effective up to 60 days before the date of the election.

“(3) QUALIFIED SUBCHAPTER S TRUST.—For purposes of this subsection, the term ‘qualified subchapter S trust’ means a trust—

“(A) which owns stock in 1 or more S corporations,

“(B) all of the income (within the meaning of section 643(b)) of which is distributed (or required to be distributed) currently to 1 individual who is a citizen or resident of the United States, and

“(C) the terms of which require that—

“(i) during the life of the current income beneficiary there shall be only 1 income beneficiary of the trust,

“(ii) any corpus distributed during the life of the current income beneficiary may be distributed only to such beneficiary,

“(iii) the income interest of the current income beneficiary in the trust shall terminate on the earlier of such beneficiary’s death or the termination of the trust, and

“(iv) upon the termination of the trust during the life of the current income beneficiary, the trust shall distribute all of its assets to such beneficiary.

“(4) TRUST CEASING TO BE QUALIFIED.—If a qualified subchapter S trust ceases to meet any requirement under paragraph (3), the provisions of this subsection shall not apply to such trust as of the date it ceases to meet such requirements.

26 USC 1362.

**“SEC. 1362. ELECTION; REVOCATION; TERMINATION.**

**“(a) ELECTION.—**

“(1) IN GENERAL.—Except as provided in subsection (g), a small business corporation may elect, in accordance with the provisions of this section, to be an S corporation.

“(2) ALL SHAREHOLDERS MUST CONSENT TO ELECTION.—An election under this subsection shall be valid only if all persons who are shareholders in such corporation on the day on which such election is made consent to such election.

**“(b) WHEN MADE.—**

“(1) IN GENERAL.—An election under subsection (a) may be made by a small business corporation for any taxable year—

“(A) at any time during the preceding taxable year, or

“(B) at any time during the taxable year and on or before the 15th day of the 3d month of the taxable year.