

Index

A

ABSORPTION

- Net operating losses, **10:1 to 10:3**
- One group into another group, continuity of affiliated group, **5:1**

ACCELERATED COST RECOVERY SYSTEM

- Consolidated computations, separate taxable income computations, **7:3**

ACCELERATION RULE

- Intercompany transactions
 - generally, **13:32 to 13:38**
 - for detailed treatment see index heading INTERCOMPANY TRANSACTIONS

ACCOUNTING

- Methods, consolidated computations, **7:3 to 7:6**
- Period or periods, tax planning, comparison with separate returns, **2:9**

ACCOUNTS

- Excess loss accounts. See index heading EXCESS LOSS ACCOUNTS
- Investment. See index heading INVESTMENT

ACCRUAL OF INTEREST

- Intercompany transactions, **15:2, 15:4**

ACCUMULATED

- Earnings tax, **22:2**
- Taxable income, consolidated computations, **7:1**

ACQUISITION OR ACQUISITIONS

- Built-in losses and deductions, **11:1 to 11:3**
- Continuity of affiliated group, **5:2, 5:3**
- Net operating losses, **10:1, 10:3, 10:5, 10:7, 10:9, 31:41, 31:42**
- Reverse acquisitions. See index heading REVERSE ACQUISITIONS
- Section 336(e) elections, **21:6**
- Section 338 elections, **21:1 to 21:5**
- Tax planning. See index heading TAX PLANNING

ACRS

- See index heading ACCELERATED COST RECOVERY SYSTEM

ADDITIONAL TAX

- Consolidated computations, consolidated tax liability, **7:1**
- History of consolidated returns, **3:3 to 3:6**

ADD-ON MINIMUM TAX

- Corporate alternative minimum tax, **22:1**

ADJUSTMENT OR ADJUSTMENTS

- Basis. See index heading BASIS
- Charitable contribution deduction, adjusted consolidated taxable income, **8:1**
- Consolidated computations. See index heading CONSOLIDATED COMPUTATIONS
- Earnings and profits. See index heading EARNINGS AND PROFITS
- Estimated tax overpayment, **26:1**
- Foreign tax credit, consolidated computations, **17:1**
- Inventory adjustments. See index heading INVENTORY ADJUSTMENTS
- Investment. See index heading INVESTMENT
- Negative basis and adjustments. See index heading NEGATIVE BASIS AND ADJUSTMENTS
- Net operating losses. See index heading NET OPERATING LOSSES
- Tax planning. See index heading TAX PLANNING

ADMINISTRATION

- See index heading TAX PLANNING

ADMINISTRATIVE PROCEDURE ACT

- Role of regulations, validity of regulations, **6:2**

ADMINISTRATIVE RULES

- Generally, **27:1 to 27:4**
- Agent for subsidiaries, parent as, **27:2**
- Applications, parent as agent for subsidiaries, **27:2**
- Bona fide shareholders of record, examination of returns by, **27:1**
- Carrybacks, parent as agent for subsidiaries, **27:2**
- Elections
 - generally, **27:4**
 - parent as agent for subsidiaries, **27:2**
- Examination of returns by bona fide shareholders of record, **27:1**
- Form 851, affiliation schedule, **27:1**
- Form 1120, consolidated tax return, **27:1**

ADMINISTRATIVE RULES—Cont'd

- Form 1122, consent to inclusion in consolidated return, **27:1**
- Forms, **27:1**
- Insolvency, parent as agent for subsidiaries, **27:2**
- Notice
 - parent as agent for subsidiaries, **27:2**
 - statute of limitations, **27:3**
- Petitions, parent as agent for subsidiaries, **27:2**
- Railroad Retirement Tax Act, **27:1**
- Refunds, parent as agent for subsidiaries, **27:2**
- Requests, parent as agent for subsidiaries, **27:2**
- Returns, **27:1**
- Reverse acquisitions, parent as agent for subsidiaries, **27:2**
- Separate information returns, **27:1**
- Statute of limitations, **27:3**
- Tax Court proceedings, parent as agent for subsidiaries, **27:2**
- Termination, parent as agent for subsidiaries, **27:2**
- Waiver of statute of limitations, **27:3**

ADVERSE EFFECT

- Continued consolidated filing requirement, permission to shift to separate returns, **25:2, 25:3**

AFFILIATED GROUP

- Generally, **4:1 to 4:10**
- Agricultural producers cooperatives, **4:2**
- Associations taxable as corporations, **4:1**
- Bankruptcy, **4:8**
- Built-in losses and deductions, **11:1 to 11:3**
- Burden of proof
 - business purpose existence, **4:9**
 - direct ownership, dual tests for affiliation, **4:8**
- Business purpose, **4:9**
- Canada, corporations organized in contiguous countries, **4:1, 4:3**
- Casualty insurance companies, **4:2**
- C corporations, **4:2**
- Chains of includible corporations, **4:1**
- China Trade Act corporations, **4:2**
- Common parent corporation, **4:1**
- Common stock, voting power test for affiliation, **4:6**
- Consolidated computations, **7:1 to 7:7**
- Contiguous countries, corporations organized in, **4:1, 4:3**
- Continuity of consolidated group. See index heading CONTINUITY OF CONSOLIDATED GROUP
- Convertible preferred stock, dual tests for affiliation, **4:7**
- Cooperative housing corporations, **4:1**

AFFILIATED GROUP—Cont'd

- Deconsolidation, affiliated status, **4:4**
- Definitions
 - affiliated group, **4:1**
 - includible corporation, **4:2**
- Direct ownership, dual tests for affiliation, **4:8**
- Domestic international sales corporations (DISCs), **4:2**
- Dual resident corporations, **4:3**
- Dual tests for affiliation, **4:5 to 4:8**
- Elections, **4:2, 4:3**
- Employee stock ownership plan, dual tests for affiliation, **4:6**
- Estoppel, affiliated status, **4:4**
- Evidence
 - burden of proof, above
 - existence of affiliation, **4:4**
- Exemptions, includible corporations, **4:2**
- Exercise of stock options, dual tests for affiliation, **4:7**
- Farmers' cooperatives, **4:2**
- Foreign corporations, **4:1, 4:2**
- Foreign insurance companies, **4:2**
- Former domestic international sales corporations (DISCs), **4:2**
- General business credit, consolidated computation, **16:1**
- History of consolidated returns, **3:1 to 3:9**
- Hook stock, **4:10**
- Includible corporations, **4:1 to 4:3**
- Investment companies, **4:2**
- Life insurance companies, **4:1, 4:2, 4:4**
- Mexico, corporations organized in contiguous countries, **4:1, 4:3**
- Model tax returns. See index heading MODEL TAX RETURNS
- Mutual insurance companies, **4:2**
- Nonvoting stock, dual tests for affiliation, **4:6, 4:7**
- Ownership of stock, generally, **4:1**
- Postaffiliation losses, business purpose, **4:9**
- Preferred stock, dual tests for affiliation, **4:6, 4:7**
- Proof. Evidence, above
- Publicly traded partnerships, includible corporations, **4:2**
- Purpose, business, **4:9**
- Qualified subchapter S subsidiary (QSSS), **4:2, 4:3**
- Question of fact, existence of affiliation, **4:4**
- Real estate investment trusts, **4:2**
- Revenue Act of 1917, affiliated status, **4:4**
- Revenue Act of 1918, affiliated status, **4:4**
- Revenue Act of 1939, **4:1**

INDEX

AFFILIATED GROUP—Cont'd

- S corporations, **4:2 to 4:4**
- Second Revenue Act of 1940, **4:1**
- Small Business Job Protection Act of 1996, S corporations, **4:2**
- Status, affiliated, **4:4**
- Stock options, dual tests for affiliation, **4:7**
- Subgroups, **4:1**
- Subsequent years, affiliated status, **4:4**
- Tax Equity and Fiscal Responsibility Act of 1982, affiliated status, **4:4**
- Tax exempt corporations, **4:2**
- Tax planning, **2:1 to 2:29**
- Tax Reform Act of 1969, **4:2**
- Tax Reform Act of 1984, **4:5, 4:6**
- Tax Reform Act of 1986, **4:2, 4:3, 4:5**
- Termination of group
 - continuity of affiliated group, **5:1, 5:2**
 - tax planning, consequences for subsequent years, **2:29**
- Tests for affiliation, **4:5 to 4:8**
- Trusts
 - real estate investment trusts, **4:2**
 - taxable as corporations, **4:1**
- Unincorporated associations, **4:1, 4:2**
- United States possessions corporations, **4:2**
- Value test, dual tests for affiliation, **4:5 to 4:7**
- Virgin Islands Organic Act, United States possessions corporations, **4:2**
- Voting power, dual tests for affiliation, **4:5, 4:6, 4:8**
- Waiting period, consolidation after deconsolidation, **4:4**
- Waiver of waiting period, consolidation after deconsolidation, **4:4**

AGENT PARENT

- Administrative rules, **27:2**
- Continuity of affiliated group, reverse acquisitions, **5:3**
- Net operating losses, tentative carryback adjustments, **10:6**

AGGREGATE OR AGGREGATION

- Deductions. See index heading DEDUCTIONS
- Foreign tax credit. See index heading FOREIGN TAX CREDIT
- General business credit, consolidated computation, **16:1**
- Net capital gains and losses, **9:1**
- Net operating losses, separate return limitation years, **10:3**
- Section 338 elections, modified aggregate deemed sale price formula, **21:2**

AGGREGATE OR AGGREGATION—Cont'd

- Section 1231 net gain or loss, **9:2**
- Stock ownership
 - consolidated computations, themes of single entity and multiple entities, **7:4**
 - dividends received deduction, **8:2**
 - foreign tax credit, consolidated computations, **17:1**
 - tax planning, comparison with separate returns, **2:17**

AGREEMENTS

- Intercompany agreements, consolidated tax liability, **7:1**
- Leases. See index heading LEASES AND LEASING ACTIVITIES

AGRICULTURAL PRODUCERS

COOPERATIVES

- Affiliated group, **4:2**

ALASKAN NATIVE CORPORATIONS

- Alternative minimum tax, **22:1**
- History of consolidated returns, **3:8**

ALLOCATION

- Earnings and profits. See index heading EARNINGS AND PROFITS
- Foreign tax credit. See index heading FOREIGN TAX CREDIT
- Intercompany transactions, **13:12**
- Investment adjustments. See index heading INVESTMENT
- Minimum tax credit, **22:1**
- Net operating losses, carrybacks and carryforwards to separate return years, **10:5**
- Tax or tax liability. See index heading ALLOCATION OF TAX OR TAX LIABILITY

ALLOCATION OF TAX OR TAX LIABILITY

- Estimated tax, **26:2**
- History of consolidated returns, **3:6, 3:7**
- Life insurance companies, **22:4**
- Tax planning. See index heading TAX PLANNING

ALTERNATIVE MINIMUM TAX

- Generally, **22:1**
- Consolidated computations, consolidated tax liability, **7:1**
- Corporate alternative minimum tax
 - generally, **22:1**
 - for detailed treatment see index heading MINIMUM TAX
- Earnings and profits, adjusted current earnings, **22:1**

ALTERNATIVE MINIMUM TAX—Cont'd

Estimated tax, **26:2**

Tax planning. See index heading TAX PLANNING

ALTERNATIVES

Exercise of consolidated return privilege. See index heading EXERCISE OF CONSOLIDATED RETURN PRIVILEGE

Minimum taxable income, **22:1**

Tax. See index heading ALTERNATIVE TAX

Tax planning, **2:1**

ALTERNATIVE TAX

Consolidated computations, consolidated tax liability, **7:1**

Minimum tax. See index heading ALTERNATIVE MINIMUM TAX

Mutual savings banks' separate life insurance businesses, **22:5**

Net capital gains and losses, **9:1**

AMENDMENT

See index heading CHANGE OR CHANGES

AMORTIZATION

Built-in losses and deductions, **11:2**

AMOUNT

Intercompany transactions, **14:5**

AMT

Generally, **22:1**

For detailed treatment see index heading ALTERNATIVE MINIMUM TAX

ANCs

See index heading ALASKAN NATIVE CORPORATIONS

ANTI-ABUSE RULES

Unified loss rule, Regulation section 1.1502-36(g), **19:35**

ANTI-AVOIDANCE RULES

Consolidated returns, **23:17**

Earnings and profits, **20:18**

Intercompany transactions

generally, **13:46 to 13:52**

for detailed treatment see index heading

INTERCOMPANY TRANSACTIONS

Investment adjustments, **18:15**

Reduction of tax attributes under Section 108(B), consolidated return regulations governing, **28:3**

ANTI-DUPPLICATION RULE

Section 382 limitation. See index heading SECTION 382

APPLICATION OR APPLICABILITY

Investment. See index heading INVESTMENT

Net operating losses, Sections 382 and 384, **10:4, 10:7**

Role of regulations. See index heading ROLE OF REGULATIONS

Tax planning, reverse acquisition rules, **2:12**

APPLICATIONS

Administrative rules, parent as agent for subsidiaries, **27:2**

Estimated tax, adjustment of overpayment, **26:1**

Exercise of consolidated return privilege, extension of time for filing return, **24:1**

APPORTIONMENT

Foreign tax credit, expenses, **17:1**

General business credit. See index heading GENERAL BUSINESS CREDIT

Net operating losses, **10:1, 10:4**

ARCHITECTURAL BARRIER REMOVAL

Tax planning, limitations on deductions, **2:8**

ASSETS

Built-in losses and deductions, **11:1 to 11:3**

Consolidated computations. See index heading CONSOLIDATED COMPUTATIONS

Continuity of affiliated group, **5:2, 5:3**

Decline in value of assets. See index heading DECLINE IN VALUE OF ASSETS

Net operating losses, **10:1, 10:3, 10:7**

Section 336(e) elections, **21:6**

Section 338 elections, **21:1 to 21:5**

Tax planning. See index heading TAX PLANNING

ASSOCIATIONS

Building and loan associations, special taxes and taxpayers, **22:5**

Taxable as corporations, affiliated group, **4:1**

Unincorporated associations, affiliated group, **4:1, 4:2**

AT-RISK RULES

Tax planning, treatment of losses, **2:3**

ATTRIBUTE

Intercompany transactions, **13:8**

ATTRIBUTION

Consolidated computations, themes of single entity and multiple entities, **7:4**

AUTOMATIC EXTENSION OF TIME

Filing return, exercise of consolidated return privilege, **24:1**

INDEX

AVOIDANCE

Anti-avoidance. See index heading **ANTI-AVOIDANCE**
Excess loss accounts, avoiding recognition, **18:19**

B

BACKGROUND

See index heading **HISTORY**

BAD DEBT DEDUCTIONS

Built-in losses and deductions, **11:2, 11:3**
Financial institutions, **22:5**
Net operating losses, special status losses, **10:1**

BAD DEBTS

Deductions. See index heading **BAD DEBT DEDUCTIONS**

BANKRUPTCY

For related material see index heading **INSOLVENCY**
Affiliated group, **4:8**
Bankruptcy Tax Act of 1980. See index heading
BANKRUPTCY TAX ACT OF 1980
Exercise of consolidated return privilege, consent to
regulations, **24:1**

BANKRUPTCY TAX ACT OF 1980

History of consolidated returns, **3:8**
Personal holding company tax, **22:3**

BANKS

Consolidated computations. See index heading
CONSOLIDATED COMPUTATIONS
Continued consolidated filing requirement, blanket
permission to shift to separate returns, **25:2,**
25:3
Mutual savings banks. See index heading **MUTUAL**
SAVINGS BANKS
Net operating losses, special status losses, **10:1**
Personal holding company tax, **22:3**
Special taxes and taxpayers, generally, **22:5**

BASE EROSION ANTI-ABUSE TAX (BEAT)

Generally, **7:7, 15:13, 22:11**

BASIS

Adjustment or adjustments to basis
circular basis adjustments. See index heading
CIRCULAR BASIS ADJUSTMENTS
continuity of affiliated group, when group
remains in existence, **5:2**
earnings and profits. See index heading **EARNINGS**
AND PROFITS
increase in basis. See index heading **INCREASE IN**
BASIS
investment. See index heading **INVESTMENT**

BASIS—Cont'd

Adjustment or adjustments to basis—Cont'd
reduction in basis. See index heading **REDUCTION**
IN BASIS
Section 338 elections, assets of purchased sub-
sidiary, **21:1**
tax planning. See index heading **TAX PLANNING**
unified loss rule. See index heading **UNIFIED LOSS**
RULE
Built-in losses and deductions, **11:1, 11:2**
Circular basis adjustments. See index heading
CIRCULAR BASIS ADJUSTMENTS
Consolidated computations, separate taxable
income computations, **7:3**
Continuity of affiliated group, **5:1 to 5:3**
Earnings and profits. See index heading **EARNINGS**
AND PROFITS
Estimated tax, consolidated basis, **26:1, 26:2**
Group structure changes, stock basis following
group structure change regulations, **18:27**
Increase in basis. See index heading **INCREASE IN**
BASIS
Intercompany transactions. See index heading
INTERCOMPANY TRANSACTIONS
Investment. See index heading **INVESTMENT**
Negative basis, excess loss accounts, **18:18, 18:22**
to 18:25
Reduction in basis. See index heading **REDUCTION IN**
BASIS
Reduction of tax attributes under Section 108(B),
consolidated return regulations governing,
28:14
Section 338 elections, **21:1, 21:4**
Tax planning. See index heading **TAX PLANNING**

BLANKET PERMISSION

Continued consolidated filing requirement, shift to
separate returns, **25:2, 25:3**

BONA FIDE SHAREHOLDERS OF RECORD

Administrative rules, examination of returns, **27:1**

BOOT

Intercompany transactions, **14:8**

B's ITEMS

Intercompany transactions, **13:34**

BUILDING AND LOAN ASSOCIATIONS

Special taxes and taxpayers, generally, **22:5**

BUILT-IN

Deductions
generally, **11:1 to 11:3**

BUILT-IN—Cont'd

- Deductions—Cont'd
 - for detailed treatment see index heading **BUILT-IN LOSSES AND DEDUCTIONS**
- Gains. See index heading **BUILT-IN GAINS**
- Losses
 - generally, **11:1 to 11:3**
 - for detailed treatment see index heading **BUILT-IN LOSSES AND DEDUCTIONS**

BUILT-IN GAINS

- Intercompany transactions, **13:25**
- Net operating losses, **10:4, 10:7**
- Section 382 limitation, **12:9, 12:22**

BUILT-IN LOSSES AND DEDUCTIONS

- Generally, **11:1 to 11:4**
- Affiliated groups, **11:1 to 11:3**
- Background, **11:1**
- Bad debts, **11:2, 11:3**
- Business purpose, **11:1**
- Cash, **11:1, 11:2**
- Continuity of affiliated group, consequences from terminating group, **5:1**
- Damage claims, **11:1**
- Deferred compensation, **11:2**
- Definitions
 - built-in deduction, **11:2**
 - built-in loss, **11:1**
 - marketable securities, **11:2**
- De minimis exception, **11:2**
- Exceptions to 1966-1996 rule, **11:2**
- Goodwill, **11:1, 11:2**
- Intent, inquiry into, **11:2**
- Inventory losses, **11:2**
- Limitations, generally, **11:1 to 11:3**
- Loss trafficking, **11:4**
- Marketable securities, **11:1, 11:2**
- Net operating losses, **10:4, 10:7, 11:1**
- 1966-1996 rule, **11:2**
- 1997 rule, **11:1**
- Offsetting income, **11:1 to 11:3**
- Operation of the limitations, **11:1**
- Overlap Rule, **11:1**
- Pre-1966 rule, **11:3**
- Rehabilitation of corporation, **11:1, 11:2**
- Reverse acquisitions, **11:2**
- Section 382 limitation, **12:9, 12:22**
- Section 384, **11:4**
- Separate return limitation years (SRLYs), **11:1**
- Surtax exemptions, **11:2**
- Unaccrued expenses, **11:1**

BUMP-AND-STRIP

- Intercompany transactions, **13:26**

BURDEN OF PROOF

- See index heading **AFFILIATED GROUP**

BUSINESS

- Affiliated group, business purpose, **4:9**
- General business credit
 - generally, **16:1, 16:2**
 - for detailed treatment see index heading **GENERAL BUSINESS CREDIT**
- Interest expense, disallowed, **13:31**
- Mutual savings banks, separate life insurance businesses, **7:1, 22:5**
- Unrelated business taxable income, **22:6**

C

CANADA

- Affiliated group, corporations organized in contiguous countries, **4:1, 4:3**
- Section 338 elections, Canadian corporations, **21:1**

CANCELLATION OF INDEBTEDNESS INCOME

- Circular basis adjustments, excluded COD income, **18:38**
- Investment adjustment rules for excluded COD income, **28:22**

CAPITAL

- Earnings and profits. See index heading **EARNINGS AND PROFITS**
- Gains and losses. See index heading **CAPITAL GAINS AND LOSSES**

CAPITAL GAINS AND LOSSES

- Aggregation, net capital gains and losses, **9:1**
- Alternative tax, net capital gains and losses, **9:1**
- Carrybacks, net capital losses, **9:1, 9:3, 9:4**
- Carryovers, net capital losses, **9:1, 9:3, 9:4**
- Change of ownership, net capital losses, **9:3**
- Consolidated computations. See index heading **CONSOLIDATED COMPUTATIONS**
- Foreign expropriations, net capital losses, **9:3**
- Limitations, net capital gains and losses, **9:1, 9:3**
- Net capital gains and losses, **7:2, 9:1, 9:3, 9:4**
- Ownership change, net capital losses, **9:3**
- Preferred stock dividends, net capital losses, **9:1**
- Regulations, net capital gains and losses, **9:1, 9:3, 9:4**
- Tax planning, comparison with separate returns, **2:3**
- Tax Reform Act of 1969, net capital losses, **9:3**

INDEX

CAPITALIZED SERVICES

Intercompany transactions, **13:23**

CARRYBACKS

Administrative rules, parent as agent for subsidiaries, **27:2**

Continuity of affiliated group, reverse acquisitions, **5:3**

Foreign tax credit, **17:2**

General business credit, unused credits, **16:2**

Net capital losses, **9:1, 9:3, 9:4**

Net operating losses

generally, **10:1 to 10:3, 10:5, 10:6**

for detailed treatment see index heading NET

OPERATING LOSSES

Section 338 elections, **21:1**

Tax planning, treatment of losses, **2:3**

CARRYFORWARDS

See index heading CARRYOVERS

CARRYOVERS

Continuity of affiliated group, consequences from terminating group, **5:1**

Deductions. See index heading DEDUCTIONS

Excess loss accounts, carryover of ELA for certain carryover basis transactions, **18:22**

Foreign tax credit, **17:2**

General business credit, unused credits, **16:2**

History of consolidated returns, **3:8**

Life insurance companies, **22:4**

Minimum tax credit, **22:1**

Net capital losses, **9:1, 9:3, 9:4**

Net operating losses

generally, **10:1 to 10:5, 10:7 to 10:9**

for detailed treatment see index heading NET

OPERATING LOSSES

Personal holding company tax, **22:3**

Section 338 elections, **21:1, 21:4**

Tax planning. See index heading TAX PLANNING

CASE STUDIES

Generally, **31:1 to 31:42**

Allocation of consolidated tax liability for earnings and profits purposes. See index heading EARNINGS AND PROFITS

Carryback of consolidated net operating losses, **31:24 to 31:30, 31:39 to 31:42**

Computation of earnings and profits. See index heading EARNINGS AND PROFITS

Personal holding companies. See index heading PERSONAL HOLDING COMPANIES

Reverse acquisitions. See index heading REVERSE ACQUISITIONS

CASH

Built-in losses and deductions, **11:1, 11:2**

Consolidated computations, method of accounting, **7:5**

CASH MERGERS

Intercompany transactions, **14:15**

CASUALTY INSURANCE COMPANIES

Affiliated group, **4:2**

Consolidated computations, consolidated tax liability, **7:1**

Special taxes and taxpayers, generally, **22:4**

C CORPORATIONS

Affiliated group, **4:2**

Closely held C corporations. See index heading CLOSELY HELD C CORPORATIONS

Continuity of affiliated group, when group remains in existence, **5:2**

CHAINS

Circular basis adjustments, dispositions of chains, **18:34**

Includible corporations, affiliated group, **4:1**

CHANGE OR CHANGES

Consolidated computations, accounting methods, **7:3, 7:5**

Group structure. See index heading GROUP STRUCTURE CHANGES

Intercompany transactions, regulations governing, **15:1**

Investment adjustments. See index heading INVESTMENT

Ownership. See index heading OWNERSHIP

Section 338 elections, modified aggregate deemed sale price formula, **21:2**

CHARITABLE CONTRIBUTION DEDUCTION

Generally, **8:1**

Adjusted consolidated taxable income, **8:1**

Carryovers, **8:1**

Consolidated computations, **7:2, 7:3**

Excess contributions, **8:1**

Limitations, **2:8, 8:1**

Regulations, **8:1**

Tax planning, limitations, **2:8**

CHECK-THE-BOX REGULATIONS

Limited liability companies, planning opportunities using, **29:1, 29:7, 29:8, 29:20**

CHINA TRADE ACT CORPORATIONS

Affiliated group, **4:2**

History of consolidated returns, **3:5, 3:8**

CIRCULAR BASIS ADJUSTMENTS

- Generally, **18:32 to 18:39**
- Brother-sister subsidiaries, sale of, **18:37**
- Dispositions of chains, **18:34**
- Excluded COD income, **18:38**
- Offset of other income, limitation not applicable to, **18:35**
- Proposed circular basis regulations, **18:39**
- Purpose, **18:32**
- Reduction of tax attributes under Section 108(B), consolidated return regulations governing, **28:16, 28:25 to 28:27**
- Sales
 - brother-sister subsidiaries, **18:37**
 - loss, subsidiary stock sold at a loss, **18:36**
- Solution to circular basis adjustments, **18:33**

CLASS A AFFILIATION

- History of consolidated returns, **3:1**

CLASS B AFFILIATION

- History of consolidated returns, **3:1, 3:3**

CLASSIFICATION

- Tax planning, personal holding company classification, **2:18**

CLOSELY HELD C CORPORATIONS

- Consolidated computations, consolidated taxable income, **7:2**
- History of consolidated returns, **3:8**
- Net operating losses, separate return limitation years, **10:3**
- Tax planning, intercompany dividends, **2:4**

COAL

- Consolidated computations, themes of single entity and multiple entities, **7:4**

COMMON PARENT

- Affiliated group, **4:1**
- Consolidated returns, **23:4**

COMMON STOCK

- Affiliated group, voting power test for affiliation, **4:6**

COMPENSATION RELATED COSTS

- Consolidated returns, **23:8**

COMPULSORY CONSOLIDATED RETURNS

- History of consolidated returns, **3:1**

COMPUTATIONS

- Consolidated computations
 - generally, **1:1, 7:1 to 7:7**

COMPUTATIONS—Cont'd

- Consolidated computations—Cont'd
 - for detailed treatment see index heading CONSOLIDATED COMPUTATIONS
- Earnings and profits. See index heading EARNINGS AND PROFITS
- Estimated tax. See index heading ESTIMATED TAX
- Net operating losses. See index heading NET OPERATING LOSSES
- Reduction of tax attributes under Section 108(B), consolidated return regulations governing, **28:26**

CONFLICT OR ALLOCATION OF ATTRIBUTES

- Intercompany transactions, **13:12**

CONSENT OR PERMISSION

- Blanket permission. See index heading BLANKET PERMISSION
- Consolidated computations, change of accounting method, **7:5**
- Continued consolidated filing requirement, shift to separate returns, **25:1 to 25:3**
- Form 1122 (consent), **24:1, 24:2, 27:1**
- History of consolidated returns, **3:5**
- Regulations. See index heading REGULATIONS
- Reverse acquisitions, authorization and consent of subsidiary to be included in consolidated return, **31:22**

CONSISTENT OR CONSISTENCY

- Consolidated computations. See index heading CONSOLIDATED COMPUTATIONS
- Section 338 elections, **21:1, 21:4**
- Tax planning. See index heading TAX PLANNING

CONSOLIDATED CHARITABLE CONTRIBUTION DEDUCTION

- Computing consolidated net operation loss, **10:1**

CONSOLIDATED COMPUTATIONS

- Generally, **1:1, 7:1 to 7:7**
- Accelerated cost recovery system, separate taxable income computations, **7:3**
- Accounting methods, **7:3 to 7:6**
- Accumulated earnings tax, **22:2**
- Accumulated taxable income, consolidated tax liability, **7:1**
- Additional tax, consolidated tax liability, **7:1**
- Adjustments
 - accounting methods, **7:5**
 - current earnings, alternative minimum tax, **22:1**
 - foreign tax credit, **17:1**

INDEX

CONSOLIDATED COMPUTATIONS—Cont'd

- Adjustments—Cont'd
 - inventory adjustments, separate taxable income computations, **7:3**
- Affiliated group, **7:1 to 7:7**
- Aggregation of stock ownership, themes of single entity and multiple entities, **7:4**
- Alternative minimum tax, consolidated tax liability, **7:1**
- Alternative tax, consolidated tax liability, **7:1**
- Assets
 - separate taxable income computations, **7:3**
 - themes of single entity and multiple entities, **7:4**
- Attribution, themes of single entity and multiple entities, **7:4**
- Banks
 - interest expense of joint stock land bank, separate taxable income, **7:2**
 - mutual savings banks' separate life insurance businesses, consolidated tax liability, **7:1**
 - themes of single entity and multiple entities, **7:4**
- Basis, separate taxable income computations, **7:3**
- Capital gains and losses
 - consolidated taxable income, net capital gains, **7:2**
 - net capital gains and losses, **7:2, 9:1, 9:3, 9:4**
 - separate taxable income computations, **7:3**
- Cash method of accounting, **7:5**
- Casualty insurance companies, consolidated tax liability, **7:1**
- Changes in accounting methods, **7:3, 7:5**
- Charitable contribution deduction, **7:2, 7:3**
- Closely held C corporations, consolidated taxable income, **7:2**
- Coal, themes of single entity and multiple entities, **7:4**
- Consistent or consistency
 - accounting methods, **7:5**
 - taxpayer elections, **7:6**
- Consolidated taxable income, **7:2**
- Consolidated tax liability, **7:1**
- Controlled group of corporations, consolidated tax liability, **7:1**
- Cooperative housing corporations, themes of single entity and multiple entities, **7:4**
- Credits
 - consolidated taxable income, **7:2**
 - consolidated tax liability, **7:1**
 - foreign tax credit, **7:1, 17:1**
 - general business credit, **16:1, 16:2**
- Deductions
 - generally, **8:1 to 8:4**

CONSOLIDATED COMPUTATIONS—Cont'd

- Deductions—Cont'd
 - charitable contribution deduction, **7:2, 7:3**
 - consolidated taxable income, **7:2**
 - dividends received deduction, **7:2, 7:3**
 - limitations on deductions, **7:2 to 7:4, 7:7**
 - separate taxable income computations, **7:3**
 - themes of single entity and multiple entities, **7:4**
- Deficiencies, consolidated tax liability, **7:1**
- Depreciable property, separate taxable income computations, **7:3**
- Dividends
 - deduction for dividends received, **7:2, 7:3**
 - preferred stock dividends, **7:2, 7:3**
 - themes of single entity and multiple entities, **7:4**
- Elections
 - accounting methods, **7:5**
 - taxpayer elections, **7:6**
 - themes of single entity and multiple entities, **7:4**
- Employee profit-sharing plans, themes of single entity and multiple entities, **7:4**
- Employee stock ownership plan, themes of single entity and multiple entities, **7:4**
- Environmental tax, consolidated tax liability, **7:1**
- Estimated tax rules, consolidated tax liability, **7:1**
- Fire insurance companies, consolidated tax liability, **7:1**
- Foreign tax credit, **7:1, 17:1**
- Fraud, consolidated tax liability, **7:1**
- Gas and oil, themes of single entity and multiple entities, **7:4**
- General business credit, **16:1, 16:2**
- Graduated corporate tax, consolidated tax liability, **7:1**
- Intercompany
 - agreements, consolidated tax liability, **7:1**
 - transactions. Intercompany transactions, below
- Intercompany transactions
 - accounting methods, **7:5**
 - foreign tax credit, **17:1**
 - general business credit, **16:1**
 - separate taxable income computations, **7:3**
 - themes of single entity and multiple entities, **7:4**
- Interest expense of joint stock land bank, separate taxable income, **7:2**
- Inventory adjustments, separate taxable income computations, **7:3**
- Investment credit, consolidated tax liability, **7:1**
- Involuntary conversion, themes of single entity and multiple entities, **7:4**
- Leasing activities, consolidated taxable income, **7:2**

CONSOLIDATED COMPUTATIONS—Cont'd

- Life insurance companies, consolidated tax liability, **7:1**
- Limitations on deductions, **7:2 to 7:4, 7:7**
- Liquidations, themes of single entity and multiple entities, **7:4**
- Losses
 - capital gains and losses, above
 - net gains or losses, below
 - passive activity losses, consolidated taxable income, **7:2**
- Methods of accounting, **7:3 to 7:6**
- Minimum tax, **7:1, 22:1**
- Multiple entities, themes of, **7:4**
- Mutual savings banks' separate life insurance businesses, consolidated tax liability, **7:1**
- Net gains or losses
 - generally, **7:2 to 7:4**
 - capital gains and losses, **7:2, 9:1, 9:3, 9:4**
 - operating losses
 - generally, **7:2 to 7:4**
 - for detailed treatment see index heading **NET OPERATING LOSSES**
 - Section 1231 net gain or loss, **9:2**
- 988 hedging transactions, themes of single entity and multiple entities, **7:4**
- 1966 regulations, **7:4, 7:5**
- Normal corporate tax, consolidated tax liability, **7:1**
- Oil and gas, themes of single entity and multiple entities, **7:4**
- Ownership of stock, themes of single entity and multiple entities, **7:4**
- Passive activity losses and credits, consolidated taxable income, **7:2**
- Penalty for fraud, consolidated tax liability, **7:1**
- Permission, change of accounting method, **7:5**
- Personal holding company tax, consolidated tax liability, **7:1**
- Personal service corporations
 - accounting methods, **7:5**
 - consolidated taxable income, **7:2**
 - consolidated tax liability, **7:1**
- Pre-1966 regulations, consolidated tax liability, **7:1**
- Preferred stock dividends, **7:2, 7:3**
- Public utilities
 - consolidated taxable income, **7:2**
 - separate taxable income computations, **7:3**
- Real estate investment trusts, themes of single entity and multiple entities, **7:4**
- Regulations, **7:1 to 7:7**
- Replacement of property, themes of single entity and multiple entities, **7:4**

CONSOLIDATED COMPUTATIONS—Cont'd

- Restoration of amounts held under claim of right, themes of single entity and multiple entities, **7:4**
- Revenue Act of 1964, consolidated tax liability, **7:1**
- Revenue Act of 1969, themes of single entity and multiple entities, **7:4**
- Revenue Act of 1987, themes of single entity and multiple entities, **7:4**
- Section 1231 net gain or loss, **9:2**
- Separate taxable income computations, **7:2, 7:3**
- Several liability of members, consolidated tax liability, **7:1**
- Single entity theme, **7:4, 7:5**
- Spinoffs, themes of single entity and multiple entities, **7:4**
- Surtax, consolidated tax liability, **7:1**
- Taxable income
 - consolidated taxable income, **7:2**
 - separate taxable income computations, **7:2, 7:3**
- Taxpayer elections, **7:6**
- Tax Reform Act of 1984, **7:4, 7:5**
- Tax Reform Act of 1986, **7:2, 7:4, 7:5**
- Themes of single entity and multiple entities, **7:4, 7:5**
- Timber, themes of single entity and multiple entities, **7:4**

CONSOLIDATED DEDUCTIONS

- Generally, **8:1 to 8:4**
- For detailed treatment see index heading **DEDUCTIONS**

CONSOLIDATED DIVIDENDS RECEIVED DEDUCTION

- Computing consolidated net operation loss, **10:1**

CONSOLIDATED FOREIGN TAX CREDIT

- Generally, **17:1 to 17:3**
- For detailed treatment see index heading **FOREIGN TAX CREDIT**

CONSOLIDATED GENERAL BUSINESS CREDIT

- Generally, **16:1, 16:2**
- For detailed treatment see index heading **GENERAL BUSINESS CREDIT**

CONSOLIDATED NET CAPITAL GAIN

- Computing consolidated net operation loss, **10:1**

CONSOLIDATED NET OPERATING LOSSES

- Generally, **10:1, 10:2**
- For detailed treatment see index heading **NET OPERATING LOSSES**

INDEX

CONSOLIDATED RETURN YEARS

Net operating losses, **10:1 to 10:6**

CONSOLIDATED SECTION 1231 NET LOSS

Computing consolidated net operation loss, **10:1**

CONSOLIDATED SURTAX NET INCOME

History of consolidated returns, **3:5**

CONSOLIDATED TAX

Generally, **1:1**

Allocation of tax or tax liability. See index heading

ALLOCATION OF TAX OR TAX LIABILITY

Consolidated computations, liability, **7:1**

Estimated tax. See index heading ESTIMATED TAX

Foreign tax credit, liability, **17:1**

General business credit, liability, **16:1**

CONSOLIDATED TAXABLE INCOME

Generally, **1:1**

Alternative minimum taxable income, **22:1**

Consolidated computations, **7:2**

Foreign tax credit, **17:1**

Net operating losses, separate return limitation years, **10:3**

CONSTRUCTIVE LIQUIDATION

History of consolidated returns, **3:8**

CONSTRUCTIVE TRANSACTIONS

Section 338 elections, **21:1 to 21:5**

CONTIGUOUS FOREIGN COUNTRIES

Affiliated group, organization of corporations, **4:1, 4:3**

Canada. See index heading CANADA

Mexico. See index heading MEXICO

CONTINGENT PURCHASE PRICE

Section 338 elections, **21:1**

CONTINUATION OF GROUP

Consolidated returns, **23:3**

CONTINUED CONSOLIDATED FILING REQUIREMENT

Generally, **25:1 to 25:3**

Adverse effect, permission to shift to separate returns, **25:2, 25:3**

Banks, blanket permission to shift to separate returns, **25:2, 25:3**

Blanket permission to shift to separate returns, **25:2, 25:3**

Continuity of affiliated group, consequences from terminating group, **5:1**

Discontinuance of consolidated filing, **25:2, 25:3**

CONTINUED CONSOLIDATED FILING

REQUIREMENT—Cont'd

Discretionary matters, permission to shift to separate returns, **25:2, 25:3**

Election to discontinue consolidated filing, **25:2, 25:3**

Exercise

discretion, blanket permission to shift to separate returns, **25:3**

privilege of filing consolidated returns, **25:1**

Limitations on right to shift to separate returns, **25:1**

Penalties, **25:1**

Permission to shift to separate returns, **25:1 to 25:3**

Pre-1966 regulations, special permission to shift to separate returns, **25:2**

Regulations, **25:1 to 25:3**

Request, special permission to shift to separate returns, **25:2**

Separate returns, permission to shift to, **25:1 to 25:3**

Shift to separate returns, permission, **25:1 to 25:3**

Special permission to shift to separate returns, **25:2**

Subsequent years, **25:1**

Substantial adverse effect, permission to shift to separate returns, **25:2, 25:3**

Tests, special permission to shift to separate returns, **25:2**

Validity, **25:1**

CONTINUITY OF CONSOLIDATED GROUP

Generally, **5:1 to 5:3**

Absorption of group into another group, consequences from terminating group, **5:1**

Acquisitions, **5:2, 5:3**

Adjustment to basis, when group remains in existence, **5:2**

Agent for group, parent as, reverse acquisitions, **5:3**

Assets, **5:2, 5:3**

Basis, **5:1 to 5:3**

Built-in deduction limitations, consequences from terminating group, **5:1**

Built-in loss limitations, consequences from terminating group, **5:1**

Carrybacks, reverse acquisitions, **5:3**

Carryovers, consequences from terminating group, **5:1**

C corporations, when group remains in existence, **5:2**

Change in ownership, reverse acquisitions, **5:3**

Consequences from terminating group, **5:1**

CONTINUITY OF CONSOLIDATED GROUP

—Cont'd

- Continued filing of consolidated returns requirement, consequences from terminating group, **5:1**
- Deferred
 - gain or loss, consequences from terminating group, **5:1**
 - intercompany transactions, income and loss, **5:1**
- Dividends received deduction, reverse acquisitions, **5:3**
- Downstream mergers, **5:2, 5:3**
- Dual resident corporations, when group remains in existence, **5:2**
- Elections, when group remains in existence, **5:2**
- Estimated tax payments, consequences from terminating group, **5:1**
- Excess loss accounts, consequences from terminating group, **5:1**
- Exempt organizations, when group remains in existence, **5:2**
- Foreign corporations, reverse acquisitions, **5:3**
- Gain deferred, consequences from terminating group, **5:1**
- Holding companies, **5:2, 5:3**
- Includible corporations, when group remains in existence, **5:2**
- Income on deferred intercompany transactions, consequences from terminating group, **5:1**
- Intercompany transactions deferred, income and loss, **5:1**
- Loss
 - built-in loss limitations, consequences from terminating group, **5:1**
 - deferred intercompany transactions, consequences from terminating group, **5:1**
 - deferred loss, consequences from terminating group, **5:1**
 - excess loss accounts, consequences from terminating group, **5:1**
- Mergers, **5:2, 5:3**
- Ownership change, reverse acquisitions, **5:3**
- Pre-1966 regulations, when group remains in existence, **5:2**
- Real estate investment trusts, when group remains in existence, **5:2**
- Reduction in basis, consequences from terminating group, **5:1**
- Regulations, **5:1 to 5:3**
- Reorganizations, **5:2, 5:3**
- Reverse acquisitions, **5:3**
- S corporations, when group remains in existence, **5:2**

CONTINUITY OF CONSOLIDATED GROUP

—Cont'd

- Statute of limitations, reverse acquisitions, **5:2**
- Stock, **5:2, 5:3**
- Taxable years, **5:1 to 5:3**
- Termination of group, **5:1, 5:2**
- Tests, when group remains in existence, **5:2**
- Transactions, **5:2, 5:3**
- Upstream mergers, when group remains in existence, **5:2**
- Waiver of statute of limitations, reverse acquisitions, **5:2**
- When group remains in existence, **5:2**

CONTRACTS

- See index heading AGREEMENTS

CONTRIBUTIONS

- Charitable contribution deduction
 - generally, **8:1**
 - for detailed treatment see index heading CHARITABLE CONTRIBUTION DEDUCTION
- Earnings and profits. See index heading EARNINGS AND PROFITS
- Tax planning. See index heading TAX PLANNING

CONTROLLED GROUP OF CORPORATIONS

- Consolidated computations, consolidated tax liability, **7:1**

CONVERTIBLE PREFERRED STOCK

- Affiliated group, dual tests for affiliation, **4:7**

COOPERATIVE BANKS

- Special taxes and taxpayers, generally, **22:5**

COOPERATIVE HOUSING CORPORATIONS

- Affiliated group, **4:1**
- Consolidated computations, themes of single entity and multiple entities, **7:4**

COOPERATIVES

- Affiliated group, **4:1, 4:2**
- Banks, special taxes and taxpayers, **22:5**
- Housing corporations. See index heading COOPERATIVE HOUSING CORPORATIONS
- Intercompany transactions, cooperatives as members, **13:66**

CORPORATE MINIMUM TAX

- Generally, **22:1**
- For detailed treatment see index heading MINIMUM TAX

CORPORATE MIXING BOWL

- Intercompany transactions, **13:50**

INDEX

CORRESPONDING AMENDMENTS

Reduction of tax attributes under Section 108(B), consolidated return regulations governing, **28:21 to 28:24**

CORRESPONDING ITEMS

Intercompany transactions. See index heading
INTERCOMPANY TRANSACTIONS

COSTS AND EXPENSES

Accelerated cost recovery system. See index heading
ACCELERATED COST RECOVERY SYSTEM
Business interest expense, disallowed, **13:31**
Deductions, expenditures for mine exploration, **8:3**
Foreign tax credit, allocation and apportionment, **17:1**
Investment adjustments, noncapital, nondeductible expenses, **18:5**

CREDITS

Consolidated computations. See index heading
CONSOLIDATED COMPUTATIONS
Foreign tax credit
generally, **17:1 to 17:3**
for detailed treatment see index heading FOREIGN
TAX CREDIT
General business credit
generally, **16:1, 16:2**
for detailed treatment see index heading GENERAL
BUSINESS CREDIT
Investment credit. See index heading INVESTMENT
CREDIT
Limitations on credits
foreign tax credit, **3:6, 17:1 to 17:3**
general business credit. See index heading GEN-
ERAL BUSINESS CREDIT
tax planning. See index heading TAX PLANNING
Minimum tax credit, **22:1**
Passive activity credits. See index heading PASSIVE
ACTIVITY LOSSES AND CREDITS
Tax planning. See index heading TAX PLANNING
Unused credits. See index heading UNUSED CREDITS

CUSTOMERS

Earnings and profits, effect on customers, **20:9**

D

DAMAGE CLAIMS

Built-in losses and deductions, **11:1**

DATE

See index heading TIME OR TIMING

DEALERS

Intercompany transactions, **14:21**

DEBT/EQUITY REGULATION

Intercompany transactions, **15:13**

DEBTOR FIRST RULE

Reduction of tax attributes under Section 108(B), consolidated return regulations governing, **28:6**

DECLARATION OF ESTIMATED TAX

Generally, **26:2**

DECONSOLIDATION OR DISAFFILIATION

Affiliated group, affiliated status, **4:4**

DEDUCTIONS

Generally, **8:1 to 8:4**
Aggregation
stock ownership, dividends received, **8:2**
Bad debt deductions. See index heading BAD DEBT
DEDUCTIONS
Built-in deductions
generally, **11:1 to 11:3**
for detailed treatment see index heading BUILT-IN
LOSSES AND DEDUCTIONS
Carryovers
charitable contribution deduction, **8:1**
mine exploration expenditures, **8:3**
Charitable contribution deduction
generally, **8:1**
for detailed treatment see index heading
CHARITABLE CONTRIBUTION DEDUCTION
Consolidated computations. See index heading
CONSOLIDATED COMPUTATIONS
Dividends paid on preferred stock of public utilities
consolidated computations, **7:2, 7:3**
tax planning, limitations, **2:8**
Dividends received deduction
generally, **8:2**
consolidated computations, **7:2, 7:3**
continuity of affiliated group, reverse acqui-
sitions, **5:3**
limitations, **2:8, 8:2**
tax planning, limitations, **2:8**
Expenditures for mine exploration, **8:3**
Exploration of mines, expenditures, **8:3**
Foreign tax credit, **17:1**
Investment adjustments, noncapital, nondeductible
expenses, **18:5**
Limitations on deductions
built-in deductions
generally, **11:1 to 11:3**

DEDUCTIONS—Cont'd

- Limitations on deductions—Cont'd
 - built-in deductions—Cont'd
 - for detailed treatment see index heading
 - BUILT-IN LOSSES AND DEDUCTIONS
 - charitable contribution deduction, **2:8, 8:1**
 - consolidated computations, **7:2 to 7:4, 7:7**
 - dividends paid on preferred stock of public utilities, **2:8**
 - dividends received, **2:8, 8:2**
 - mine exploration expenditures, **8:3**
 - net capital gains and losses, **9:1**
 - tax planning, comparison with separate returns, **2:8**
- Mine exploration expenditures, **8:3**
- Net capital gains and losses, limitations, **9:1**
- Net operating losses
 - generally, **10:1 to 10:3, 10:5**
 - for detailed treatment see index heading NET
 - OPERATING LOSSES
- Payment of dividends on preferred stock of public utilities. Dividends paid on preferred stock of public utilities, above
- Qualification tests, Western Hemisphere trade corporations, **8:4**
- Received dividends. Dividends received deduction, above
- Regulations
 - charitable contribution deduction, **8:1**
 - mine exploration expenditures, **8:3**
 - Western Hemisphere trade corporations, **8:4**
- Taxable income, **8:1 to 8:4**
- Tax planning. See index heading TAX PLANNING
- Tax Reform Act of 1969, mine exploration expenditures, **8:3**
- Western Hemisphere trade corporations, **8:4**

DEEMED DIVIDEND ELECTION

- Earnings and profits, **20:2**
- Tax planning, comparison with separate returns, **2:4**

DEEMED SALES

- Section 338 elections, **21:1, 21:2**

DEFERRAL OR POSTPONEMENT

- Built-in losses and deductions, deferred compensation, **11:2**
- Continuity of affiliated group. See index heading
 - CONTINUITY OF CONSOLIDATED GROUP
- Corporate alternative minimum tax, **22:1**
- Gains or losses
 - continuity of affiliated group, consequences from terminating group, **5:1**

DEFERRAL OR POSTPONEMENT—Cont'd

- Gains or losses—Cont'd
 - tax planning, comparison with separate returns, **2:3, 2:6**
- Intercompany transactions. See index heading
 - INTERCOMPANY TRANSACTIONS
- Section 338 elections, basic rules, **21:1**
- Tax planning. See index heading TAX PLANNING

DEFICIENCIES

- Consolidated computations, consolidated tax liability, **7:1**

DEFINITIONS

- Affiliated group, **4:1**
- Built-in deduction, **11:2**
- Built-in loss, **11:1**
- Consolidated income tax return, **1:1**
- Excess loss accounts, **18:18**
- Includible corporation, **4:2**
- Intercompany obligation, **15:2**
- Loss group, **12:5**
- Marketable securities, **11:2**
- Predecessor and successor, **12:10**
- Preferred stock, **18:14**
- Tax-exempt income, **18:4**
- Unified loss rule, Regulation section 1.1502-36(f), **19:34**

DELEGATION OF POWER

- Role of regulations, **6:1, 6:2**

DE MINIMIS EXCEPTION

- Built-in losses and deductions, **11:2**

DEPARTURE OF A MEMBER

- Reduction of tax attributes under Section 108(B), consolidated return regulations governing, **28:17**

DEPRECIATION

- Bonus, Section 168(k), **22:12**
- Consolidated computations, separate taxable income computations, **7:3**
- Earnings and profits, effect of depreciation on, **20:5, 20:8**

DEPRECIATION AND RECAPTURE

- Intercompany transactions, **13:20**

DETERMINATIONS

- Redeterminations. See index heading REDETERMINATIONS

DIRECT OWNERSHIP

- Affiliated group, dual tests for affiliation, **4:8**

INDEX

DISABLED PERSONS

Removal of architectural and transportation barriers, limitations on deductions, **2:8**

DISAFFILIATION

Affiliated group, affiliated status, **4:4**

DISALLOWANCE

Intercompany transactions, **13:14**
Losses. See index heading **LOSSES**

DISCONTINUANCE OF CONSOLIDATED FILING

Continued consolidated filing requirement, **25:2, 25:3**

DISCRETIONARY MATTERS

Continued consolidated filing requirement, permission to shift to separate returns, **25:2, 25:3**

DISCs

See index heading **DOMESTIC INTERNATIONAL SALES CORPORATIONS**

DISPOSITION

Stock. See index heading **STOCK**

DISSOLUTION OF INSOLVENT SUBSIDIARY

Intercompany transactions, **15:9**

DISTRIBUTIONS

In-kind distributions of stock. See index heading **IN-KIND DISTRIBUTIONS OF STOCK**
Intercompany transactions. See index heading **INTERCOMPANY TRANSACTIONS**
Investment adjustments, **18:6**
Tax planning. See index heading **TAX PLANNING**

DIVIDENDS

Consolidated computations. See index heading **CONSOLIDATED COMPUTATIONS**
Deductions. See index heading **DEDUCTIONS**
Deemed dividend election. See index heading **DEEMED DIVIDEND ELECTION**
Financial institutions, **22:5**
Net operating losses. See index heading **NET OPERATING LOSSES**
Personal holding company tax, **22:3**
Preferred stock. See index heading **PREFERRED STOCK**
Section 338 elections, **21:4**
Tax planning. See index heading **TAX PLANNING**

DIVISION OF SINGLE CORPORATION

Intercompany transactions, **13:11**

DOLLAR VALUE LIFO

Intercompany transactions, **13:40**

DOMESTIC INTERNATIONAL SALES CORPORATIONS

Affiliated group, **4:2**
Former domestic international sales corporations, **3:7, 4:2**
History of consolidated returns, **3:7, 3:8**

DOWNSTREAM MERGERS

Continuity of affiliated group, **5:2, 5:3**
Earnings and profits, **20:4, 20:15**
Intercompany transactions, **14:13**
Net operating losses, separate return years, **10:2**

DUAL CONSOLIDATED LOSS

Net operating losses, **10:10**

DUAL RESIDENT CORPORATIONS

Affiliated group, **4:3**
Continuity of affiliated group, when group remains in existence, **5:2**
History of consolidated returns, **3:8**
Net operating losses, **10:3**
Tax planning. See index heading **TAX PLANNING**

DUAL TESTS FOR AFFILIATION

Affiliated group, **4:5 to 4:8**

DUE DATE FOR RETURN

Exercise of consolidated return privilege, **24:1**

E

EARNINGS AND PROFITS

Generally, **20:1 to 20:19**
Accumulated earnings tax, **22:2**
Adjustment or adjustments
basis, below
current earnings, alternative minimum tax, **22:1**
Allocation of consolidated tax liability
generally, **20:9**
case study
generally, **31:2 to 31:9**
Basic Method 1, **31:4**
Basic Method 2, **31:5**
Basic Method 3, **31:6**
comparative summary of five allocation methods, **31:9**
Complementary Method 1/Basic Method 1, **31:7**
Complementary Method 2/Basic Method 2, **31:8**
computation of consolidated tax liabilities (two years), **31:3**

EARNINGS AND PROFITS—Cont'd

- Alternative minimum tax, adjusted current earnings, **22:1**
- Anti-avoidance rule, **20:18**
- Basis
 - generally, **20:8**
 - cross-reference to basis adjustment principles, **20:6**
 - tiering up of E&P, **20:2**
 - unabsorbed losses, treatment of, **20:7**
- Computations
 - case study
 - generally, **31:10 to 31:12**
 - parent's earnings and profits (two years), **31:11**
 - three subsidiaries (two years), **31:12**
 - consolidated computations, employee profit-sharing plans, **7:4**
- Contributions
 - generally, **20:2, 20:9, 20:15, 20:16**
 - tax planning, profit-sharing plans, **2:19**
- Current earnings and profits rules, **20:3**
- Customers, effect of E&P on, **20:9**
- Deemed dividend election, **20:2**
- Depreciation, effect on E&P, **20:5, 20:8**
- Dividends, distributions classified as, **20:1, 20:3**
- Downstream mergers, **20:4, 20:15**
- Effective dates, **20:15, 20:19**
- Elimination of E&P
 - nonduplicated E&P not eliminated, **20:11**
 - planning with the elimination of E&P, **20:14**
 - subsidiary ceases to be a member of the group, **20:10**
- Exceptions for special status corporations, **20:13**
- General Code E&P rules, application of, **20:5**
- Group structure changes, generally, **20:15**
- History of earnings and profits for members of a consolidated group, **20:2**
- Insurance companies, **20:13**
- Internal reorganizations, **20:17**
- Life insurance companies, **22:4**
- Limitation of actions, **20:1**
- Liquidations, **20:4, 20:6**
- Losses
 - net operating losses. See index heading **NET OPERATING LOSSES**
 - unabsorbed losses, treatment of, **20:7**
- Net operating losses. See index heading **NET OPERATING LOSSES**
- Nonduplicated E&P not eliminated, **20:11**
- Other rules of law, application of, **20:4**

EARNINGS AND PROFITS—Cont'd

- Phantom E&P, **20:2**
- Planning with the elimination of E&P, **20:14**
- Plans for profit sharing. Profit-sharing plans, below
- Profit-sharing plans
 - consolidated computations, employee profit-sharing plans, **7:4**
 - tax planning, comparison with separate returns, **2:19**
- Public utilities, **20:9**
- Realignment of companies within the same group, **20:1**
- REITs, **20:14**
- Reverse acquisitions, **20:15, 20:16**
- Review of elements in E&P account, **20:1**
- Section 304 transactions, **20:16**
- Separate entity theory, history of E&P, **20:2**
- Special status corporations, exceptions for, **20:13**
- Spin-offs, **20:12**
- Statute of limitations, **20:1**
- Stockholders, effect of E&P on, **20:9**
- Tax planning. See index heading **TAX PLANNING**
- Thrift institutions, **20:13**
- Tiering up E&P, **20:2, 20:3, 20:6, 20:15, 20:16**
- Unabsorbed losses, treatment of, **20:7**

EFFECTIVE DATE

- Earnings and profits, **20:15, 20:19**
- Group structure changes, **18:31**
- Intercompany transactions. See index heading **INTERCOMPANY TRANSACTIONS**
- Overlap rule, net operating losses, **10:9**

EIGHTY PERCENT DISTRIBUTE

- Intercompany transactions, **13:59**

ELAs

- See index heading **EXCESS LOSS ACCOUNTS**

ELDERLY PERSONS

- Removal of architectural and transportation barriers, limitations on deductions, **2:8**

ELECTIONS

- Administrative rules
 - generally, **27:4**
 - for detailed treatment see index heading **ADMINISTRATIVE RULES**
- Affiliated group, **4:2, 4:3**
- Alternative minimum tax, **22:1**
- Consolidated computations. See index heading **CONSOLIDATED COMPUTATIONS**
- Continued consolidated filing requirement, discontinue consolidated filing, **25:2, 25:3**

INDEX

ELECTIONS—Cont'd

Continuity of affiliated group, when group remains in existence, **5:2**

Deemed dividend election. See index heading

DEEMED DIVIDEND ELECTION

Foreign tax credit, **17:1**

Intercompany transactions. See index heading

INTERCOMPANY TRANSACTIONS

Life insurance companies, **22:4**

LLCs electing to be corporations, **29:19**

Net operating losses, **10:1 to 10:4, 10:7, 31:40**

Reduction of tax attributes under Section 108(B), consolidated return regulations governing, **28:11**

Section 336(e) elections, **21:6**

Section 338 elections

generally, **21:1 to 21:5**

for detailed treatment see index heading SECTION 338 ELECTIONS

Tax planning. See index heading TAX PLANNING

EMPLOYEE PROFIT-SHARING PLANS

Consolidated computations, themes of single entity and multiple entities, **7:4**

EMPLOYEE STOCK OWNERSHIP PLANS

Affiliated group, dual tests for affiliation, **4:6**

Consolidated computations, themes of single entity and multiple entities, **7:4**

History of consolidated returns, **3:8**

EMPLOYMENT TAXES

Tax planning, comparison with single corporation, **2:28**

“END-OF-THE-DAY” RULE

Consolidated returns, **23:5**

ENTITLEMENT RULE

Intercompany transactions, **14:3**

ENVIRONMENTAL TAX

Consolidated computations, consolidated tax liability, **7:1**

Estimated tax, **26:2**

ESOPs

See index heading EMPLOYEE STOCK OWNERSHIP PLANS

ESTIMATED TAX

Generally, **26:1 to 26:3**

Adjustment of overpayment, **26:1**

Allocation of tax liability, **26:2**

Alternative minimum tax, **26:2**

Application for adjustment of overpayment, **26:1**

ESTIMATED TAX—Cont'd

Computations

consolidated computations, consolidated tax liability, **7:1**

penalties, **26:1, 26:2**

Consolidated basis, **26:1, 26:2**

Consolidated computations, consolidated tax liability, **7:1**

Consolidated tax liability

allocation, **26:2**

consolidated computations, rules, **7:1**

Continuity of affiliated group, consequences from terminating group, **5:1**

Declaration of estimated tax, **26:2**

Environmental tax, **26:2**

Failure to pay, **26:1, 26:2**

Interest netting, **26:3**

Large corporations, **26:1, 26:2**

Overpayment

adjustment, **26:1**

interest netting, **26:3**

net operating losses, tentative carryback adjustments, **10:6**

Payment or payments

generally, **26:1**

continuity of affiliated group, consequences from terminating group, **5:1**

failure to pay, **26:1, 26:2**

overpayment, above

tax planning, limitations on deductions and credits, **2:8**

underpayment, computation of penalties for, **26:2, 26:3**

Penalties, **26:1, 26:2**

Regulations, **26:1, 26:2**

Reverse acquisitions, **31:23**

Rules

generally, **26:1, 26:2**

consolidated computations, consolidated tax liability, **7:1**

Separate basis, **26:1, 26:2**

Short taxable year, **26:1, 26:2**

Tax planning, payments, **2:8**

Underpayment, computation of penalties for, **26:2, 26:3**

ESTOPPEL

Affiliated group, affiliated status, **4:4**

EVIDENCE

Affiliated group. See index heading AFFILIATED GROUP

Exercise of consolidated return privilege, consent to regulations, **24:1**

EXAMINATION OF RETURNS

Bona fide shareholders of record, administrative rules, **27:1**

EXCEPTIONS

See index heading EXCLUSIONS OR EXEMPTIONS

EXCESS

Contributions, charitable contribution deduction, **8:1**

Interest losses, net operating losses, **10:1**

Loss accounts. See index heading EXCESS LOSS ACCOUNTS

Profits tax, history of consolidated returns, **3:1, 3:2, 3:5, 3:6**

EXCESS LOSS ACCOUNTS

Generally, **18:18 to 18:25**

Avoiding recognition, **18:19**

Carryover of ELA for certain carryover basis transactions, **18:22**

Continuity of affiliated group, consequences from terminating group, **5:1**

Conversion of ELA to intercompany gain, **18:23**

Definition, **18:18**

Exceptions to inclusion events, **18:21**

Inclusion events

generally, **18:20**

carryover of ELA for certain carryover basis transactions, **18:22**

conversion of ELA to intercompany gain, **18:23**

exceptions to inclusion events, **18:21**

spin-offs, **18:24**

Limited liability companies, **29:6**

Negative basis, **18:18, 18:22 to 18:25**

Reduction of tax attributes under Section 108(B), consolidated return regulations governing, **28:15, 28:23**

Section 338 elections, **21:1, 21:2**

Section 361(b)(3), **18:25**

Spin-offs, **18:24**

EXCESS PROFITS TAX ACT OF 1950

History of consolidated returns, **3:5**

EXCISE TAX

Intercompany transactions

corporate stock repurchase, **14:10**

EXCLUSIONS OR EXEMPTIONS

Affiliated group, includible corporations, **4:2**

Built-in losses and deductions, exceptions to 1966-1996 rule, **11:2**

Cancellation of indebtedness income, **18:38, 28:22**

EXCLUSIONS OR EXEMPTIONS—Cont'd

Excess loss accounts, exceptions to inclusion events, **18:21**

History of consolidated returns, **3:5 to 3:8**

Intercompany transactions. See index heading INTERCOMPANY TRANSACTIONS

Investment. See index heading INVESTMENT

Multiple surtax exemptions. See index heading MULTIPLE SURTAX EXEMPTIONS

Organizations. See index heading EXEMPT ORGANIZATIONS

Reduction of tax attributes under Section 108(B), consolidated return regulations governing, **28:22**

Section 338 elections, **21:2**

Tax exempt. See index heading TAX EXEMPT

EXEMPT ORGANIZATIONS

Generally, **1:1**

Continuity of affiliated group, when group remains in existence, **5:2**

History of consolidated returns, **3:7**

Tax planning, comparison with separate returns, **2:20**

Unrelated business taxable income, **22:6**

EXERCISE

Consolidated return privilege

generally, **24:1 to 24:3**

for detailed treatment see index heading EXERCISE OF CONSOLIDATED RETURN PRIVILEGE

Continued consolidated filing requirement. See index heading CONTINUED CONSOLIDATED FILING REQUIREMENT

Stock options, dual tests for affiliation, **4:7**

EXERCISE OF CONSOLIDATED RETURN PRIVILEGE

Generally, **24:1 to 24:3**

Alternatives

consent to regulations, **24:1, 24:2**

tax planning, **2:1**

Application for extension of time for filing return, **24:1**

Automatic extension of time for filing return, **24:1**

Bankruptcy, consent to regulations, **24:1**

Consent to regulations, **24:1, 24:2**

Continued consolidated filing requirement, **25:1**

Due date for return, **24:1**

Evidence, consent to regulations, **24:1**

Extension of time for filing return, **24:1**

Fact, mistake of, **24:2**

INDEX

EXERCISE OF CONSOLIDATED RETURN PRIVILEGE—Cont'd

- Failure of member to sign consent to regulations, **24:2**
- Form 1122, consent to regulations, **24:1, 24:2**
- History of consolidated returns, **3:3**
- Inclusion of nonmembers, **24:3**
- Law, mistake of, **24:2**
- Legislative regulations, **24:1**
- Mistakes, **24:2, 24:3**
- Nonmembers, inclusion of, **24:3**
- Regulations, **24:1 to 24:3**
- Repudiation, consent to regulations, **24:1**
- Revenue Act of 1928, **24:1**
- Revocation, consent to regulations, **24:1**
- Signatures, consent to regulations, **24:1, 24:2**
- Strict compliance with regulations, **24:1**
- Tax planning, alternatives, **2:1**
- Time for filing return, **24:1**
- Withdrawal of return, **24:1**

EXPENSES

- See index heading **COSTS AND EXPENSES**

EXPLORATION OF MINES

- Deductions, expenditures, **8:3**

EXTENSION OF TIME FOR FILING RETURN

- Exercise of consolidated return privilege, **24:1**
- Reverse acquisitions, **31:20**

F

FACT

- Mistake of fact, exercise of consolidated return privilege, **24:2**
- Question of fact, existence of affiliation, **4:4**

FAILURE OF MEMBER TO SIGN CONSENT TO REGULATIONS

- Exercise of consolidated return privilege, **24:2**

FAILURE TO PAY

- Estimated tax, **26:1, 26:2**

FARMERS' COOPERATIVES

- Affiliated group, **4:2**

FILING

- Continued consolidated filing requirement
 - generally, **25:1 to 25:3**
 - for detailed treatment see index heading **CONTINUED CONSOLIDATED FILING REQUIREMENT**
- Discontinuance of consolidated filing. See index heading **DISCONTINUANCE OF CONSOLIDATED FILING**

FILING—Cont'd

- Extension of time for filing return, exercise of consolidated return privilege, **24:1**
- Privilege of filing consolidated returns. See index heading **PRIVILEGE OF FILING CONSOLIDATED RETURNS**

FINANCIAL INSTITUTIONS

- Banks. See index heading **BANKS**
- Net operating losses, special status losses, **10:1**
- Special taxes and taxpayers, **22:5**

FIRE INSURANCE COMPANIES

- Consolidated computations, consolidated tax liability, **7:1**

FLAT TAX RATE

- History of consolidated returns, **3:4**

FOREIGN

- Corporations. See index heading **FOREIGN CORPORATIONS**
- Countries. See index heading **FOREIGN COUNTRIES**
- Expropriation losses. See index heading **FOREIGN EXPROPRIATION LOSSES**
- Insurance companies, affiliated group, **4:2**
- Loss recapture, foreign tax credit, **17:1, 17:2**
- Tax credit
 - generally, **17:1 to 17:3**
 - for detailed treatment see index heading **FOREIGN TAX CREDIT**

FOREIGN CORPORATIONS

- Affiliated group, **4:1, 4:2**
- Continuity of affiliated group, reverse acquisitions, **5:3**
- History of consolidated returns, **3:5**
- Section 338 elections, **21:1**
- Tax planning. See index heading **TAX PLANNING**

FOREIGN COUNTRIES

- Canada. See index heading **CANADA**
- China Trade Act corporations. See index heading **CHINA TRADE ACT CORPORATIONS**
- Contiguous foreign countries. See index heading **CONTIGUOUS FOREIGN COUNTRIES**
- Mexico. See index heading **MEXICO**

FOREIGN DERIVED INTANGIBLE INCOME

- Special taxes and taxpayers, **22:10**

FOREIGN EXPROPRIATION LOSSES

- Net capital losses, **9:3**
- Net operating losses, special status losses, **10:1**

FOREIGN TAX CREDIT

- Generally, **17:1 to 17:3**
- Adjustments, consolidated computations, **17:1**
- Aggregation
 - stock ownership, **17:1**
 - taxable income, **17:1**
- Allocation
 - expenses, consolidated computations, **17:1**
 - unused credits, carrybacks and carryforwards, **17:2**
- Apportionment of expenses, consolidated computations, **17:1**
- Carrybacks and carryforwards, **17:2**
- Change of ownership, **17:2**
- Consolidated computations, **7:1, 17:1**
- Consolidated taxable income, consolidated computations, **17:1**
- Consolidated tax liability, consolidated computations, **17:1**
- Deductions, **17:1**
- Deferred intercompany transactions, **17:1**
- Elections, **17:1**
- Excess credits, carrybacks and carryforwards, **17:2**
- Expenses, allocation and apportionment, **17:1**
- Foreign loss recapture, **17:1, 17:2**
- History of consolidated returns, **3:6, 3:8**
- Intercompany transactions, consolidated computations, **17:1**
- Life insurance companies, **22:4**
- Limitations, **3:6, 17:1 to 17:3**
- Losses
 - carrybacks and carryforwards, **17:2**
 - recapture of foreign loss, **17:1, 17:2**
- Overall foreign losses, carrybacks and carryforwards, **17:2**
- Overall limitation, **17:1**
- Ownership
 - aggregation of stock ownership, consolidated computations, **17:1**
 - change, carrybacks and carryforwards, **17:2**
- Per-country limitation, **17:1**
- Recapture of foreign loss, **17:1, 17:2**
- Regulations, **17:1, 17:2**
- Separate limitation losses, **17:3**
- Tax planning, comparison with separate returns, **2:8, 2:13**
- Tax Reform Act of 1986, consolidated computations, **17:1**
- Unused credits, carrybacks and carryforwards, **17:2**

FORM 851 (AFFILIATION SCHEDULE)

- Generally, **1:1, 27:1**

FORM 1120 (CONSOLIDATED RETURN)

- Generally, **1:1, 27:1**

FORM 1122 (CONSENT)

- Generally, **24:1, 24:2, 27:1**

FORMER DOMESTIC INTERNATIONAL SALES CORPORATIONS

- Generally, **3:7, 4:2**

FORMS

- Administrative rules, **27:1**
- Affiliation schedule, Form 851, **1:1, 27:1**
- Consent, Form 1122, **24:1, 24:2, 27:1**
- Consolidated return, Form 1120, **1:1, 27:1**
- Illustrated IRS forms, list of, **30:3**
- Model tax returns. See index heading **MODEL TAX RETURNS**
- Reverse acquisitions. See index heading **REVERSE ACQUISITIONS**

FRAUD

- Consolidated computations, consolidated tax liability, **7:1**

FTC

- Generally, **17:1 to 17:3**
- For detailed treatment see index heading **FOREIGN TAX CREDIT**

G

GAINS

- Capital gains. See index heading **CAPITAL GAINS AND LOSSES**
- Deferral or postponement. See index heading **DEFERRAL OR POSTPONEMENT**
- Intercompany transactions. See index heading **INTERCOMPANY TRANSACTIONS**
- Net gains. See index heading **NET GAINS OR LOSSES**
- Restoration. See index heading **RESTORATION**
- Section 338 elections, **21:1, 21:2**
- Section 1231 gains. See index heading **SECTION 1231 GAINS AND LOSSES**
- Tax planning. See index heading **TAX PLANNING**

GAS AND OIL

- Consolidated computations, themes of single entity and multiple entities, **7:4**

GBC

- Generally, **16:1, 16:2**
- For detailed treatment see index heading **GENERAL BUSINESS CREDIT**

INDEX

GENERAL BUSINESS CREDIT

- Generally, **16:1, 16:2**
- Affiliated group, consolidated computation, **16:1**
- Aggregate of credits, consolidated computation, **16:1**
- Apportionment
 - carrybacks and carryforwards of unused credits, **16:2**
 - consolidated tax liability, consolidated computation, **16:1**
- Carrybacks and carryforwards of unused credits, **16:2**
- Change of ownership, carrybacks and carryforwards of unused credits, **16:2**
- Consolidated computation, **16:1, 16:2**
- Consolidated tax liability, consolidated computation, **16:1**
- Intercompany transfers, consolidated computation, **16:1**
- Investment credit, **16:1, 16:2**
- Limitations
 - carrybacks and carryforwards of unused credits, **16:2**
 - consolidated computation, **16:1**
 - tax planning, comparison with separate returns, **2:8**
- Liquidations, consolidated computation, **16:1**
- Mutual savings banks, consolidated computation, **16:1**
- Net operating losses, carrybacks and carryforwards of unused credits, **16:2**
- Offsets, consolidated computation, **16:1**
- Ownership change, carrybacks and carryforwards of unused credits, **16:2**
- Partial liquidations, consolidated computation, **16:1**
- Property, consolidated computation, **16:1**
- Public utilities, consolidated computation, **16:1**
- Recapture, consolidated computation, **16:1**
- Regulations, **16:1, 16:2**
- Single entity concept, consolidated computation, **16:1**
- Tax planning, comparison with separate returns, **2:8**
- Tax Reform Act of 1986, **16:1, 16:2**
- Unused credits, carrybacks and carryforwards, **16:2**
- Work incentive program credit, consolidated computation, **16:1**

GLOBAL INTANGIBLE LOW-TAXED INCOME (GILTI)

- Subsidiary that owns a CFC, **19:36**
- Unified loss rule, interaction with, **19:36**

GOODWILL

- Built-in losses and deductions, **11:1, 11:2**

GRADUATED CORPORATE TAX

- Consolidated computations, consolidated tax liability, **7:1**

GROSS INCOME

- Personal holding companies, **22:3, 31:15**

GROUP STRUCTURE CHANGES

- Generally, **18:26 to 18:31**
- Background and purpose, **18:26**
- Earnings and profits. See index heading EARNINGS AND PROFITS
- Effective date, **18:31**
- Form versus substance, **18:30**
- Limitations on available options, **18:29**
- Section 362, contrast with, **18:28**
- Stock basis following group structure change regulations, **18:27**

GULF OPPORTUNITY ZONE ACT

- Excess loss accounts, **18:25**

H

HANDICAPPED PERSONS

- Removal of architectural and transportation barriers, limitations on deductions, **2:8**

HISTORY

- Built-in losses and deductions, **11:1**
- Consolidated returns
 - generally, **3:1 to 3:9**
 - for detailed treatment see index heading HISTORY OF CONSOLIDATED RETURNS
- Earnings and profits, **20:2**
- Group structure changes, **18:26**
- Intercompany transactions, **3:9, 13:1, 15:1**
- Investment adjustments, **18:1**
- Limited liability companies, **29:1**

HISTORY OF CONSOLIDATED RETURNS

- Generally, **3:1 to 3:9**
- Additional tax, **3:3 to 3:6**
- Affiliated group, **3:1 to 3:9**
- Alaskan Native Corporations, **3:8**
- Allocation of tax liability, **3:6, 3:7**
- Bankruptcy Tax Act of 1980, **3:8**
- Carryovers, **3:8**
- China Trade Act corporations, **3:5, 3:8**
- Class A affiliation, **3:1**
- Class B affiliation, **3:1, 3:3**
- Closely held C corporations, **3:8**

HISTORY OF CONSOLIDATED RETURNS

—Cont'd

Compulsory consolidated returns, **3:1**
 Consent, **3:5**
 Consolidated surtax net income, **3:5**
 Constructive liquidation, **3:8**
 Domestic international sales corporations (DISCs),
 3:7, 3:8
 Dual resident corporations, **3:8**
 Employee stock ownership plans, **3:8**
 Excess profits tax, **3:1, 3:2, 3:5, 3:6**
 Excess Profits Tax Act of 1950, **3:5**
 Exemptions, **3:5 to 3:8**
 Exempt organizations, **3:7**
 Exercise of consolidated return privilege, **3:3**
 Flat tax rate, **3:4**
 Foreign corporations, **3:5**
 Foreign tax credit, **3:6, 3:8**
 Former domestic international sales corporations
 (DISCs), **3:7**
 Includible corporations, **3:2 to 3:8**
 Insurance companies, **3:3, 3:5, 3:7, 3:8**
 Intercompany transactions, **3:9**
 Internal Revenue Code of 1954, **3:6**
 Life insurance companies, **3:3, 3:7, 3:8**
 Limitations on foreign tax credit, **3:6**
 Liquidations, **3:8**
 Multiple surtax exemptions, penalty tax on use of,
 3:6
 Mutual insurance companies, **3:3**
 National Industrial Recovery Act, **3:3**
 Net operating losses, **3:8**
 Offsets, **3:8**
 Omnibus Budget Reconciliation Act of 1989, **3:8**
 Optional consolidated returns, **3:1, 3:2**
 Pan-American trade corporations, **3:4, 3:5**
 Partial liquidations, **3:8**
 Penalty tax on use of multiple surtax exemptions,
 3:6
 Personal holding company tax, **3:6**
 Personal service corporations, **3:5**
 Privilege of filing consolidated returns, **3:3 to 3:5**
 Public utilities, **3:5, 3:6**
 Railroad corporations, **3:4**
 Refunds, **3:8**
 Regulations, **3:1, 3:3, 3:7 to 3:9**
 Revenue Act of 1917, **3:1**
 Revenue Act of 1918, **3:1**
 Revenue Act of 1921, **3:1, 3:2**
 Revenue Act of 1924, **3:2**
 Revenue Act of 1926, **3:2**

HISTORY OF CONSOLIDATED RETURNS

—Cont'd

Revenue Act of 1928, **3:3**
 Revenue Act of 1932, **3:3**
 Revenue Act of 1934, **3:4**
 Revenue Act of 1935, **3:4**
 Revenue Act of 1936, **3:4**
 Revenue Act of 1938, **3:4**
 Revenue Act of 1939, **3:4**
 Revenue Act of 1942, **3:5**
 Revenue Act of 1943, **3:5**
 Revenue Act of 1950, **3:5**
 Revenue Act of 1951, **3:5**
 Revenue Act of 1964, **3:6**
 Revenue Act of 1971, **3:7**
 Revenue Act of 1987, **3:8**
 Second Revenue Act of 1940, **3:5**
 Spinoffs, **3:8**
 Statutes, **3:1 to 3:9**
 Surtax
 consolidated surtax net income, **3:5**
 penalty tax on use of multiple surtax exemptions,
 3:6
 Tax Equity and Fiscal Responsibility Act of 1982,
 3:8
 Tax Reform Act of 1969, **3:7**
 Tax Reform Act of 1976, **3:8**
 Tax Reform Act of 1984, **3:8**
 Tax Reform Act of 1986, **3:8**
 Technical and Miscellaneous Revenue Act of 1988,
 3:8
 Technical Corrections Act of 1982, **3:8**
 Use of multiple surtax exemptions, penalty tax on,
 3:6
 Western Hemisphere trade corporations, **3:5, 3:6,**
 3:8

HOLDING COMPANIES

Continuity of affiliated group, **5:2, 5:3**
 Personal holding companies. See index heading
 PERSONAL HOLDING COMPANIES

HOLDING PERIOD

Intercompany transactions, **13:9**

I

INCLUDIBLE CORPORATIONS

Affiliated group, **4:1 to 4:3**
 Continuity of affiliated group, when group remains
 in existence, **5:2**
 History of consolidated returns, **3:2 to 3:8**
 Life insurance companies, **22:4**

INDEX

INCLUDIBLE CORPORATIONS—Cont'd

Unrelated business taxable income, **22:6**

INCLUSION

Excess loss accounts. See index heading **EXCESS LOSS ACCOUNTS**

Foreign corporations, tax planning, **2:13**

Nonmembers, exercise of consolidated return privilege, **24:3**

INCOME

For related material see index heading **EARNINGS AND PROFITS**

Alternative minimum tax, **22:1**

Consolidated returns, income includible in generally, **23:1 to 23:19**

for detailed treatment see index heading **INCOME INCLUDIBLE IN CONSOLIDATED RETURNS**

Continuity of affiliated group, deferred intercompany transactions, **5:1**

Net operating losses, **10:1 to 10:4, 10:7, 10:8**

Section 338 elections, recapture, **21:1, 21:2**

Tax planning. See index heading **TAX PLANNING**

INCOME INCLUDIBLE IN CONSOLIDATED RETURNS

Generally, **23:1 to 23:19**

Anti-avoidance rule, **23:17**

Common parent, acquisition of stock of, **23:4**

Compensation related costs, **23:8**

Continuation of group upon disposition of all subsidiaries, **23:3**

Due date for short period returns, **23:18**

“End-of-the-day” rule, **23:5**

Income allocated, **23:2**

Intra-month allocation for ratable allocation election, **23:14**

Next day rule, **23:7**

One day problem for S corporations, **23:6**

Option cash outs, **23:8**

Pass-through entities, subsidiaries owning interests in, **23:16**

Ratable allocation election

generally, **23:9 to 23:14**

extraordinary items, ratable allocation unavailable for, **23:13**

general rule, **23:12**

intra-month allocation, **23:14**

manner of election, **23:11**

same taxable year end requirement, **23:10**

time of election, **23:11**

Same taxable year end requirement for ratable allocation election, **23:10**

INCOME INCLUDIBLE IN CONSOLIDATED RETURNS—Cont'd

S corporations, one day problem for, **23:6**

Short period returns, due date for, **23:18**

Subsidiaries, **23:3, 23:16**

Taxes, **23:15**

Tax year considerations, **23:1**

Time for ratable allocation election, **23:11**

Time or date

effective date, **23:19**

ratable allocation election, **23:11**

short period returns, due date for, **23:18**

INDEBTEDNESS

See index heading **DEBTS**

INFORMATION RETURNS

Separate information returns, administrative rules, **27:1**

INSOLVENCY

For related material see index heading **BANKRUPTCY**

Administrative rules, parent as agent for subsidiaries, **27:2**

Financial institutions, **22:5**

Intercompany transactions, insolvent subsidiary, **15:9**

Net operating losses, **10:1, 10:3**

INSTALLMENT SALES

Intercompany transactions. See index heading **INTERCOMPANY TRANSACTIONS**

Tax planning, characteristics after intercompany transfers, **2:7**

INSURANCE COMPANIES

Casualty insurance companies. See index heading **CASUALTY INSURANCE COMPANIES**

Earnings and profits, **20:13**

Fire insurance companies. See index heading **FIRE INSURANCE COMPANIES**

History of consolidated returns, **3:3, 3:5, 3:7, 3:8**

Intercompany transactions, **13:42**

Life insurance companies. See index heading **LIFE INSURANCE COMPANIES**

Mutual insurance companies. See index heading **MUTUAL INSURANCE COMPANIES**

INTENT

Built-in losses and deductions, inquiry into intent, **11:2**

INTERCOMPANY TRANSACTIONS

Generally, **13:1 to 13:67**

INTERCOMPANY TRANSACTIONS—Cont'd

- Acceleration rule
 - generally, **13:32 to 13:38**
 - B's items, **13:34**
 - cancellation of debt and attribute reduction, **13:36**
 - no subgroups, **13:35**
 - other acceleration events, **13:38**
 - S's items, **13:33**
 - successive intercompany transactions, **13:37**
- Accrual of interest, **15:2, 15:4**
- Agreements, consolidated computations, **7:1**
- Allocation of attributes, **13:12**
- Amendments to intercompany obligation regulations, **15:1**
- Amount and basis of a property distribution, **14:5**
- Anti-avoidance rules
 - generally, **13:46 to 13:52**
 - corporate mixing bowl, **13:50**
 - effective dates, **13:62**
 - mixing bowl examples, **13:49 to 13:52**
 - other applications, **13:52**
 - partnership mixing bowl, **13:51**
 - purported location abuse, **13:47**
 - related party, sale to, **13:48**
- Attributee, **13:7, 13:8**
- Background or history, consolidated returns, **3:9**
- Basis, property distribution, **14:5**
- Bonus depreciation, Section 168(k), **22:12**
- Boot, intercompany reorganizations, **14:8**
- B's items, acceleration rule, **13:34**
- Built in gains, **13:25**
- Bump-and-strip, **13:26**
- Business interest expense, disallowed, **13:31**
- Capitalized services, **13:23**
- Cash mergers, **14:15**
- Computations. See index heading CONSOLIDATED COMPUTATIONS
- Concluding observations, **13:67**
- Conflict or allocation of attributes, **13:12**
- Consolidated computations. See index heading CONSOLIDATED COMPUTATIONS
- Contracts, consolidated computations, **7:1**
- Cooperatives as members, **13:66**
- Corporate mixing bowl, **13:50**
- Corresponding items
 - definitions, **13:4**
 - disallowance or exclusion resulting from, **13:14**
- Credits
 - foreign tax credit, consolidated computations, **17:1**

INTERCOMPANY TRANSACTIONS—Cont'd

- Credits—Cont'd
 - general business credit, consolidated computation, **16:1**
- Dealers, stock of members, **14:21**
- Debt cancellation regulations, **13:65**
- Debt/equity regulation, **15:13**
- Deductions for dividends received, generally, **8:2**
- Deemed satisfaction and reissuance, nonapplication to certain outbound and intragroup transactions, **15:6**
- Deferred intercompany transactions
 - continuity of affiliated group, consequences from terminating group, **5:1**
 - foreign tax credit, **17:1**
 - tax planning, comparison with single corporation, **2:25**
- Definitions
 - attributee, **13:7**
 - corresponding items, **13:4**
 - intercompany items, **13:3**
 - intercompany obligation, **15:2**
 - intercompany transactions, **13:2**
 - recomputed corresponding items, **13:5**
 - treatment as separate entity, **13:6**
- Depreciation and recapture, **13:20**
- Disallowance resulting from corresponding item, **13:14**
- Dissolution of insolvent subsidiary, **15:9**
- Distributions. Stock of members, below
- Dividends
 - deductions for dividends received, generally, **8:2**
 - tax planning, comparison with separate returns, **2:4**
- Division of single corporation, **13:11**
- Dollar value LIFO, simplification for, **13:40**
- Downstream mergers, **14:13**
- Effective dates
 - anti-avoidance rule, **13:62**
 - regulations, generally, **13:61**
 - stock elimination transactions, **13:63**
 - stock of members, effective date for elective relief, **14:18**
- Eighty percent distributee, **13:59**
- Elections
 - inbound transactions, nonintercompany obligations become intercompany obligations as a result of an election to file consolidated returns, **15:10**
 - Stock of members, below
- Entitlement rule, stock of members, **14:3**

INTERCOMPANY TRANSACTIONS—Cont'd

- Excess loss accounts, conversion of ELA to intercompany gain, **18:23**
- Exclusions
 - corresponding item, exclusion resulting from, **13:14**
 - intercompany dividends, **14:2**
- Foreign tax credit, consolidated computations, **17:1**
- Gains and losses
 - distributions of loss property, **14:6**
 - net operating losses, **10:3**
 - recognition of, **2:3**
- General business credit, transfers, **16:1**
- Group, acquisition of, **13:56**
- Historical background, **3:9, 13:1, 15:1**
- Holding period, matching rule, **13:9**
- Insolvent subsidiary, dissolution of, **15:9**
- Installment sales, matching rule, **13:21, 13:22**
- Insurance companies, reserve accounting, **13:42**
- International tax examples, matching rule, **13:30**
- Inventory - simplification for dollar value LIFO, **13:40**
- Limitations, net operating losses, **10:3**
- Limited liability companies. *See* index heading LIMITED LIABILITY COMPANIES (LLCS)
- Liquidation of subsidiary triggering intercompany item, **14:12**
- Lonely parent rule, **13:57**
- Loss disallowance on parent stock, **14:19**
- Losses. Gains and losses, *below*
- Manufacturer incentives, **13:28**
- Matching rule
 - generally, **13:8 to 13:30**
 - allocation of attributes, **13:12**
 - attribute, **13:8**
 - built in gains, Section 382 and, **13:25**
 - bump-and-strip, **13:26**
 - capitalized services, **13:23**
 - conflict or allocation of attributes, **13:12**
 - corresponding item, disallowance or exclusion resulting from, **13:14**
 - depreciation and recapture, **13:20**
 - disallowance resulting from corresponding item, **13:14**
 - division of single corporation, **13:11**
 - examples, generally, **13:15 to 13:30**
 - exclusion resulting from corresponding item, **13:14**
 - holding period, **13:9**
 - installment sales, **13:21, 13:22**
 - international tax examples, **13:30**

INTERCOMPANY TRANSACTIONS—Cont'd

- Matching rule—Cont'd
 - manufacturer incentives, **13:28**
 - nonrecognition transaction, generally, **13:16**
 - partnership interest, intercompany sale of, **13:24**
 - recapitalizations, **13:18**
 - Section 351, transactions under, **13:19**
 - Section 382 and recognized built in gains, **13:25**
 - Section 721, transactions under, **13:19**
 - Section 1031 exchanges, **13:17**
 - security dealers under Section 475, **13:27**
 - special status corporations, **13:13**
 - straddles, **13:29**
 - timing, **13:10**
- Mechanics of outbound and intragroup transaction, **15:5**
- Mirror transactions, **13:59, 13:60**
- Miscellaneous operating rules, **13:53 to 13:60**
- Mixing bowl examples, anti-avoidance rules, **13:49 to 13:52**
- Net operating losses, **10:3**
- Non-application of Section 362(e)(2), simplifying rules, **13:44**
- Nonintercompany obligation, intercompany obligation as becoming, **15:3, 15:5, 15:6**
- Nonintercompany obligation becomes intercompany obligation, **15:1, 15:3, 15:10 to 15:12**
- Nonrecognition transaction, generally, **13:16**
- Obligations of members
 - generally, **15:1 to 15:13**
 - accrual of interest, **15:2, 15:4**
 - amendments to intercompany obligation regulations, **15:1**
 - background, **15:1**
 - debt/equity regulation, **15:13**
 - definition of intercompany obligation, **15:2**
 - dissolution of insolvent subsidiary, **15:9**
 - election to waive loss on intercompany obligation, **15:11**
 - insolvent subsidiary, dissolution of, **15:9**
 - mechanics of outbound and intragroup transaction, **15:5**
 - nonapplication of DSR to certain outbound and intragroup transactions, **15:6**
 - nonintercompany obligation, intercompany obligation as becoming, **15:3, 15:5, 15:6**
 - nonintercompany obligation becomes intercompany obligation, **15:1, 15:3, 15:10 to 15:12**
 - preventing avoidance of OID rules, **15:3**

INTERCOMPANY TRANSACTIONS—Cont'd

- Obligations of members—Cont'd
 - proposed amendments to intercompany obligation regulations, **15:1, 15:5, 15:6, 15:8, 15:9**
 - special rules, **15:8, 15:11**
 - subgroups, **15:6, 15:7, 15:10**
 - subsidiary debt held by parent's shareholder, problems with, **15:12**
 - tax benefit rule, **15:7**
- Obtaining permission not to defer, **13:43**
- Operating losses, **10:3**
- Own stock, acquisition by issuer of, **14:9**
- Parent stock, loss disallowance on, **14:19**
- Partnership interest, intercompany sale of, **13:31**
- Partnerships, **13:24, 13:51**
- Permission not to defer, **13:43**
- Postponement. Deferred intercompany transactions, above
- Proposed amendments to intercompany obligation regulations, **15:1, 15:5, 15:6, 15:8, 15:9**
- Purported location abuse, **13:47**
- Recapitalizations, matching rule, **13:18**
- Recognition of gains or losses, **2:3**
- Recomputed corresponding items, **13:5**
- Recordkeeping requirements, **13:58**
- Related party, sale to, **13:48**
- Requisite stock basis reduction, **14:4**
- Reserve accounting, simplifying rules, **13:41 to 13:43**
- Section 108(a), inapplicability to transactions involving intercompany obligations, special rules, **15:8**
- Section 338(h)(10) transactions, **14:14**
- Section 351, transactions under, **13:19**
- Section 351(a), inapplicability to transactions involving intercompany obligations, special rules, **15:8**
- Section 354, inapplicability to transactions involving intercompany obligations, special rules, **15:8**
- Section 355(a)(1), inapplicability to transactions involving intercompany obligations, special rules, **15:8**
- Section 362(e)(2), simplifying rules, **13:44**
- Section 382 and recognized built in gains, **13:25**
- Section 721, transactions under, **13:19**
- Section 1031 exchanges, **13:17**
- Section 1091, inapplicability to transactions involving intercompany obligations, special rules, **15:8**
- Section 1502, regulations not under, **13:64 to 13:66**

INTERCOMPANY TRANSACTIONS—Cont'd

- Security dealers under Section 475, **13:27**
- Separate returns, net operating losses, **10:3**
- Simplifying rules
 - generally, **13:39 to 13:44**
 - dollar value LIFO, simplification for, **13:40**
 - insurance companies, reserve accounting, **13:42**
 - inventory - simplification for dollar value LIFO, **13:40**
 - obtaining permission not to defer, **13:43**
 - reserve accounting, **13:41 to 13:43**
 - Section 362(e)(2), non-application of, **13:44**
 - special status companies, reserve accounting, **13:41**
- Special status companies, **13:13, 13:41**
- Spin-offs, **14:16**
- S's items, acceleration rule, **13:33**
- State tax consequences, **13:64**
- Stock
 - members. Stock of members, below
- Stock elimination transaction, **13:63**
- Stock of members
 - generally, **14:1 to 14:21**
 - amount and basis of a property distribution, **14:5**
 - basis of a property distribution, **14:5**
 - boot in intercompany reorganizations, **14:8**
 - cash mergers, **14:15**
 - corporate stock repurchase excise tax, **14:10**
 - dealers, **14:21**
 - distributions, generally, **14:2 to 14:7**
 - downstream mergers, **14:13**
 - effective date for elective relief, **14:18**
 - elective relief in certain stock transactions, generally, **14:11 to 14:18**
 - entitlement rule, **14:3**
 - exclusion of intercompany dividends, **14:2**
 - hook stock, **14:7, 14:9**
 - liquidation of subsidiary triggering intercompany item, **14:12**
 - loss disallowance on parent stock, **14:19**
 - loss property, distributions of, **14:6**
 - manner of making election, **14:17**
 - miscellaneous issues, **14:7**
 - own stock, acquisition by issuer of, **14:9**
 - parent stock, loss disallowance on, **14:19**
 - requisite stock basis reduction, **14:4**
 - Section 338(h)(10) transactions, **14:14**
 - spin-offs, **14:16**
 - time for making election, **14:17**
 - zero basis problem, relief for, **14:20**
- Straddles, **13:29**

INDEX

INTERCOMPANY TRANSACTIONS—Cont'd

- Successive intercompany transactions, **13:37**
- Successor assets, **13:54**
- Successor persons, **13:55**
- Tax benefit rule, **15:7**
- Tax planning. See index heading TAX PLANNING
- Time or date
 - deferred intercompany transactions, above effective dates, above
 - holding period, matching rule, **13:9**
 - matching rule, timing of, **13:10**
 - stock of members, time for making election, **14:17**
- Transfers
 - general business credit, consolidated computation, **16:1**
 - net operating losses, separate return limitation years, **10:3**
 - tax planning, comparison with separate returns, **2:7**
- Treatment as separate entity defined, **13:6**
- Waiver of loss on intercompany obligation, **15:11**
- Zero basis problem, relief for, **14:20**

INTEREST ON MONEY

- Consolidated computations, **7:2, 7:7**
- Estimated tax, interest netting, **26:3**
- Intercompany transactions, **15:2, 15:4**
- Net operating losses, excess interest losses, **10:1**

INTERNAL REVENUE CODE OF 1954

- History of consolidated returns, **3:6**
- Personal holding company tax, **22:3**
- Role of regulations, **6:1, 6:2**

INTERNATIONAL TAX EXAMPLES

- Intercompany transactions, **13:30**

INTRAGROUP REORGANIZATION

- Reduction of tax attributes under Section 108(B), consolidated return regulations governing, **28:18**

INTRA-MONTH ALLOCATION

- Consolidated returns, **23:14**
- Ratable allocation election, **23:14**

INVALIDITY

- See index heading VALIDITY OR INVALIDITY

INVENTORY

- Adjustments. See index heading INVENTORY ADJUSTMENTS
- Built-in losses and deductions, inventory losses, **11:2**

INVENTORY—Cont'd

- Intercompany transactions, **13:40**

INVENTORY ADJUSTMENTS

- Consolidated computations, separate taxable income computations, **7:3**
- Tax planning, intercompany transactions, **2:25**

INVESTMENT

- Adjustments
 - generally, **18:1 et seq.**
 - allocation of adjustments, below
 - anti-avoidance, **18:15**
 - circular basis adjustments. See index heading CIRCULAR BASIS ADJUSTMENTS
 - cumulative redeterminations, **18:12**
 - distributions, **18:6**
 - dividend-redemptions of stock held by nonmembers, **18:10**
 - excluded COD income, investment adjustment rules for, **18:38, 28:22**
 - history, **18:1**
 - modifications to taxable income, **18:3**
 - noncapital, nondeductible expenses, **18:5**
 - predescessors and successors, **18:16**
 - record-keeping requirements, **18:17**
 - reduction of tax attributes under Section 108(B), consolidated return regulations governing, **28:22**
 - special definition of preferred stock, **18:14**
 - tax allocation method, **18:11**
 - tax-exempt income, **18:4**
 - tax planning. See index heading TAX PLANNING
 - tiering up of adjustments, **18:7**
 - varying interests, **18:13**
- Allocation of adjustments
 - tax allocation method, **18:11**
 - to preferred and common stock, **18:8**
 - to preferred stock, **18:9**
- Anti-avoidance, **18:15**
- Circular basis adjustments. See index heading CIRCULAR BASIS ADJUSTMENTS
- Companies, affiliated group, **4:2**
- Credit. See index heading INVESTMENT CREDIT
- Cumulative redeterminations, **18:12**
- Distributions, **18:6**
- Dividend-redemptions of stock held by nonmembers, **18:10**
- Excess loss accounts. See index heading EXCESS LOSS ACCOUNTS
- Excluded COD income, investment adjustment rules for, **18:38, 28:22**
- History, **18:1**

INVESTMENT—Cont'd

- Modifications to taxable income, **18:3**
- Negative basis
 - generally, **18:2**
 - anti-avoidance, **18:15**
 - excess loss accounts, **18:18, 18:22 to 18:25**
 - nondeductible expenses, **18:5**
 - special definition of preferred stock, **18:14**
- Noncapital, nondeductible expenses, **18:5**
- Predecessors and successors, **18:16**
- Real estate investment trusts. See index heading REAL ESTATE INVESTMENT TRUSTS
- Record-keeping requirements, **18:17**
- Reduction of tax attributes under Section 108(B), consolidated return regulations governing, **28:22**
- Special definition of preferred stock, **18:14**
- Tax allocation method, **18:11**
- Tax-exempt income, **18:4**
- Tax planning. See index heading TAX PLANNING
- Tiering up of adjustments, **18:7**
- Varying interests, **18:13**

INVESTMENT CREDIT

- Consolidated computations, consolidated tax liability, **7:1**
- General business credit, **16:1, 16:2**
- Section 338 elections, recapture, **21:1, 21:2**

INVOLUNTARY CONVERSIONS

- Consolidated computations, themes of single entity and multiple entities, **7:4**
- Section 1231 net gain or loss, **9:2**

ITEMS

- Tax planning, reallocation, **2:1**

L

LARGE CORPORATIONS

- Estimated tax, **26:1, 26:2**

LAW, MISTAKE OF

- Exercise of consolidated return privilege, **24:2**

LEASES AND LEASING ACTIVITIES

- Consolidated computations, consolidated taxable income, **7:2**

LEGISLATIVE REGULATIONS

- Exercise of consolidated return privilege, **24:1**
- Role of regulations, **6:1**
- Section 338 elections, **21:1**

LIABILITY

- Net operating losses, special status losses, **10:1**

LIFE INSURANCE COMPANIES

- Affiliated group, **4:1, 4:2, 4:4**
- Consolidated computations, consolidated tax liability, **7:1**
- History of consolidated returns, **3:3, 3:7, 3:8**
- Mutual savings banks, separate life insurance businesses, **7:1, 22:5**
- Net operating losses, separate return limitation years, **10:3**
- Personal holding company tax, **22:3**
- Special taxes and taxpayers, generally, **22:4**

LIMITATIONS

- Circular basis adjustments, limitation not applicable to offset of other income, **18:35**
- Continued consolidated filing requirement, right to shift to separate returns, **25:1**
- Credits. See index heading CREDITS
- Deductions. See index heading DEDUCTIONS
- Group structure changes, limitations on available options, **18:29**
- Investment. See index heading INVESTMENT
- Net capital gains and losses, **9:1, 9:3**
- Net operating losses, **10:1 to 10:4, 10:7 to 10:9**
- Section 382 limitation. See index heading SECTION 382
- Statute of limitations. See index heading STATUTE OF LIMITATIONS
- Tax planning. See index heading TAX PLANNING

LIMITED LIABILITY COMPANIES (LLCs)

- Generally, **29:1 to 29:20**
- Check-the-box regulations, **29:1, 29:7, 29:8, 29:20**
- Corporations, LLCs electing to be corporations, **29:19**
- Dividends paid to partnership that has corporate partners, **29:16**
- Excess loss account (ELA), avoiding restoration, **29:6**
- History, **29:1**
- Intercompany sale of partnership interest, **29:12**
- Intercompany transaction treatment, avoiding, **29:14**
- Joint and several liability, using single member LLCs to avoid, **29:7**
- Multi-owner subsidiary, converting to an LLC, **29:17**
- Partnerships with consolidated groups
 - generally, **29:11 to 29:20**
 - acquisition vehicle, using a multi-member LLC as, **29:11**

LIMITED LIABILITY COMPANIES (LLCs)

—Cont'd

- Partnerships with consolidated groups—Cont'd corporations, LLCs electing to be corporations, **29:19**
 - dividends paid to partnership that has corporate partners, **29:16**
 - intercompany sale of partnership interest, **29:12**
 - intercompany transaction treatment, avoiding, **29:14**
 - multi-owner subsidiary, converting to an LLC, **29:17**
 - Section 382 and recognized built-in gains, **29:13**
 - Section 732(f), distribution of corporation to partner under, **29:18**
 - Section 1032, application to partner stock held by partnership, **29:15**
- Personal holding company trap, using an LLC to avoid, **29:8**
- Planning opportunities using LLCs, generally, **29:1 to 29:20**
- Section 382 and recognized built-in gains, **29:13**
- Section 732(f), distribution of corporation to partner under, **29:18**
- Section 1032, application to partner stock held by partnership, **29:15**
- Selective consolidation, **29:3**
- Single member LLCs
 - generally, **29:2 to 29:10**
 - excess loss account (ELA), avoiding restoration, **29:6**
 - joint and several liability, using single member LLCs to avoid, **29:7**
 - personal holding company trap, using an LLC to avoid, **29:8**
 - selective consolidation, **29:3**
 - selective dispositions, using LLC for, **29:9**
 - start-up costs, converting to deductible expenses, **29:5**
 - state tax consequences, **29:10**
 - tax-free acquisitions, **29:4**
 - wholly owned subsidiary, converting into an LLC, **29:2**
- Start-up costs, converting to deductible expenses, **29:5**
- State tax consequences, **29:10**
- Tax-free acquisitions, **29:4**
- Wholly owned subsidiary, converting into an LLC, **29:2**

LIQUIDATIONS

- Consolidated computations, themes of single entity and multiple entities, **7:4**

LIQUIDATIONS—Cont'd

- Earnings and profits, **20:4, 20:6**
- General business credit, consolidated computation, **16:1**
- History of consolidated returns, **3:8**
- Intercompany transactions, **14:12**
- Partial liquidations. See index heading PARTIAL LIQUIDATIONS
- Section 336(e) elections, **21:6**
- Section 338 elections, **21:1 to 21:5**

LONELY PARENT RULE

- Intercompany transactions, **13:57**
- Net operating losses, separate return limitation years, **10:3**

LOOK-THROUGH RULE

- Reduction of tax attributes under Section 108(B), consolidated return regulations governing, **28:7**

LOSS DISALLOWANCE ON PARENT STOCK

- Intercompany transactions, **14:19**

LOSSES

- Built-in losses
 - generally, **11:1 to 11:3**
 - for detailed treatment see index heading BUILT-IN LOSSES AND DEDUCTIONS
- Capital losses. See index heading CAPITAL GAINS AND LOSSES
- Consolidated computations. See index heading CONSOLIDATED COMPUTATIONS
- Continuity of affiliated group. See index heading CONTINUITY OF CONSOLIDATED GROUP
- Deferral or postponement. See index heading DEFERRAL OR POSTPONEMENT
- Disallowance of losses
 - investment. See index heading INVESTMENT
- Earnings and profits. See index heading EARNINGS AND PROFITS
- Excess loss accounts. See index heading EXCESS LOSS ACCOUNTS
- Foreign expropriation losses. See index heading FOREIGN EXPROPRIATION LOSSES
- Foreign tax credit. See index heading FOREIGN TAX CREDIT
- Intercompany transactions. See index heading INTERCOMPANY TRANSACTIONS
- Investment. See index heading INVESTMENT
- Life insurance companies, **22:4**
- Net losses. See index heading NET GAINS OR LOSSES
- Operating losses. See index heading OPERATING LOSSES

LOSSES—Cont'd

- Ordinary losses, tax planning, comparison with separate returns, **2:3**
- Passive activity losses. See index heading PASSIVE ACTIVITY LOSSES AND CREDITS
- Restoration. See index heading RESTORATION
- Section 338 elections, **21:1, 21:2**
- Section 1231 losses. See index heading SECTION 1231 GAINS AND LOSSES
- Tax planning. See index heading TAX PLANNING
- Unified loss rule
 - generally, **19:1 to 19:35**
 - for detailed treatment see index heading UNIFIED LOSS RULE

LOSS PROPERTY

- Intercompany transactions, **14:6**

M

MANDATORY

- Carrybacks, net operating losses, **10:1**

MANUFACTURER INCENTIVES

- Intercompany transactions, **13:28**

MATCHING RULE

- Intercompany transactions
 - generally, **13:8 to 13:30**
 - for detailed treatment see index heading INTERCOMPANY TRANSACTIONS

MERGERS

- Continuity of affiliated group, **5:2, 5:3**
- Downstream mergers. See index heading DOWNSTREAM MERGERS
- Net operating losses, **10:2, 10:3**

METHODS

- Accounting. See index heading ACCOUNTING
- Allocation of tax or tax liability. See index heading ALLOCATION OF TAX OR TAX LIABILITY

MEXICO

- Affiliated group, corporations organized in contiguous countries, **4:1, 4:3**
- Section 338 elections, Mexican corporations, **21:1**

MINE EXPLORATION EXPENDITURES

- Deductions, **8:3**

MINERALS

- Coal. See index heading COAL

MINIMUM TAX

- Generally, **22:1**

MINIMUM TAX—Cont'd

- Alternative minimum tax
 - comparison with separate returns, generally, **2:14**
 - limitations on deductions and credits, comparison with separate returns, **2:8**
 - treatment of losses, comparison with separate returns, **2:3**
- Consolidated computations, **7:1, 22:1**
- Credit, **22:1**

MINORITY SHAREHOLDERS

- Earnings and profits. See index heading EARNINGS AND PROFITS
- Section 382 limitation, **12:15**
- Tax planning, comparison with separate returns, **2:15**

MIRROR TRANSACTIONS

- Intercompany transactions, **13:59, 13:60**

MISTAKES

- Exercise of consolidated return privilege, **24:2, 24:3**

MIXING BOWL EXAMPLES

- Intercompany transactions, **13:49 to 13:52**

MODEL TAX RETURNS

- Generally, **30:1 to 30:7**
- Affiliated group previously filing separate returns
 - basic mechanical features of initial consolidated return filing, **30:4**
 - forms and schedules, **30:5**
- Features, list of principal features, **30:2**
- Forms and schedules
 - affiliated group previously filing separate returns, **30:5**
 - illustrated IRS forms, list of, **30:3**
 - subsequent returns after initial consolidated filing, **30:7**
- Illustrated IRS forms, list of, **30:3**
- Subsequent returns after initial consolidated filing
 - forms and schedules, **30:7**
 - technical features commonly encountered, **30:6**

MODIFICATION

- See index heading CHANGE OR CHANGES

MONEY

- See index heading CASH

MULTIPLE DEBTOR MEMBERS

- Reduction of tax attributes under Section 108(B), consolidated return regulations governing, **28:10**

INDEX

MULTIPLE ENTITIES

Consolidated computations, themes, **7:4**

MULTIPLE SURTAX EXEMPTIONS

History of consolidated returns, penalty tax on use, **3:6**

Net operating losses, **10:2, 10:3**

MUTUAL INSURANCE COMPANIES

Affiliated group, **4:2**

History of consolidated returns, **3:3**

Life insurance companies, special taxes and taxpayers, **22:4**

Special taxes and taxpayers, generally, **22:4**

MUTUAL SAVINGS BANKS

General business credit, consolidated computation, **16:1**

Separate life insurance businesses, **7:1, 22:5**

Special taxes and taxpayers, generally, **22:5**

N

NATIONAL INDUSTRIAL RECOVERY ACT

History of consolidated returns, **3:3**

NEGATIVE BASIS

Excess loss accounts, **18:18, 18:22 to 18:25**

NET GAINS OR LOSSES

Capital gains and losses, **7:2, 9:1, 9:3, 9:4**

Consolidated computations. See index heading
CONSOLIDATED COMPUTATIONS

Operating losses

generally, **10:1 to 10:10**

for detailed treatment see index heading NET
OPERATING LOSSES

Section 1231 net gain or loss, **9:1, 9:2**

Unrealized built-in gains and losses, net operating
losses, **10:4, 10:7**

NET OPERATING LOSSES

Generally, **10:1 to 10:10**

Absorption, **10:1 to 10:3**

Acquisitions, **10:1, 10:3, 10:5, 10:7, 10:9**

Adjustments

application of Section 382, **10:4**

tentative carryback adjustments, **10:6**

Agent for group, parent as, tentative carryback
adjustments, **10:6**

Aggregation, separate return limitation years, **10:3**

Allocation, carrybacks and carryforwards to sepa-
rate return years, **10:5**

Application of Sections 382 and 384, **10:4, 10:7**

Apportionment, **10:1, 10:4**

NET OPERATING LOSSES—Cont'd

Assets, **10:1, 10:3, 10:7**

Bad debt deductions, special status losses, **10:1**

Banks, special status losses, **10:1**

Built-in losses and deductions, **10:4, 10:7, 11:1**

Carrybacks

generally, **10:1 to 10:3, 10:5, 10:6**

case studies, **31:24 to 31:30, 31:39 to 31:42**

general business credit, unused credits, **16:2**

tentative carryback adjustments, **10:8**

Carryovers

generally, **10:1 to 10:5, 10:7 to 10:9**

case study, **31:30**

general business credit, unused credits, **16:2**

Change of ownership, **10:1, 10:3, 10:4**

Closely held C corporations, separate return limita-
tion years, **10:3**

Computations

consolidated computations, below

separate return limitation years, **10:3**

Consolidated computations

generally, **7:2 to 7:4**

deduction, **10:1**

Consolidated net operating losses, generally, **10:1, 10:2**

Consolidated return years, **10:1 to 10:6**

Consolidated taxable income, separate return
limitation years, **10:3**

Deductions

generally, **10:1 to 10:3, 10:5**

dividends received, **8:2**

Dividends

deduction, dividends received, **8:2**

preferred stock dividends, **10:1**

Downstream mergers, separate return years, **10:2**

Dual consolidated loss, **10:10**

Dual resident corporations, **10:3**

Earnings and profits

tax allocation, **20:9**

Effective date of overlap rule, **10:9**

Elections, **10:1 to 10:4, 10:7**

Estimated tax overpayment, tentative carryback
adjustments, **10:6**

Excess interest losses, special status losses, **10:1**

Financial institution losses, special status losses,
10:1

Foreign expropriation losses, special status losses,
10:1

General business credit, carrybacks and car-
ryforwards of unused credits, **16:2**

History of consolidated returns, **3:8**

NET OPERATING LOSSES—Cont'd

- Income, **10:1 to 10:4, 10:7**
- Insolvency, **10:1, 10:3**
- Liability losses, special status losses, **10:1**
- Life insurance companies, separate return limitation years, **10:3**
- Limitations, **10:1 to 10:4, 10:7 to 10:9**
- Lonely parent rule, separate return limitation years, **10:3**
- Mandatory carrybacks, **10:1**
- Mergers, **10:2, 10:3**
- Multiple surtax exemptions, **10:2, 10:3**
- Net unrealized built-in gains and losses, **10:4, 10:7**
- Offsets, **10:1 to 10:4, 10:7, 10:9**
- Offspring rule, carrybacks and carryforwards to separate return years, **10:5**
- Overlap rule, **10:9, 31:31 to 31:38**
- Overpayment of estimated tax, tentative carryback adjustments, **10:6**
- Ownership change, **10:1, 10:3, 10:4**
- Penalties, carryforwards, **10:1**
- Personal service corporations, separate return limitation years, **10:3**
- Preferred stock dividends, **10:1**
- Product liability losses, special status losses, **10:1**
- Profits. Earnings and profits, above
- Pro rata absorption of carryovers, **10:1, 10:2**
- Purchase of stock, **10:4**
- Redemption of stock, **10:4**
- Reduction of tax attributes under Section 108(B), consolidated return regulations governing, **28:24**
- Refunds, **10:2, 10:6**
- Regulations, **10:1 to 10:10**
- Reorganizations, **10:3 to 10:5**
- Revenue Act of 1928, **10:1**
- Revenue Act of 1976, **10:4**
- Reverse acquisitions, **10:3, 10:5**
- Reverse mergers, separate return limitation years, **10:3**
- Section 381, **10:3**
- Section 382
 - generally, **10:1, 10:3, 10:4, 10:9**
 - Section 382 limitation. See index heading SECTION 382
- Section 384, **10:1, 10:3, 10:7**
- Separate return limitation years (SRLYs), **10:1 to 10:5, 31:31 to 31:38**
- Separate return years, **10:1 to 10:5, 10:9**
- Special status losses, **10:1**
- Subgroups, **10:4, 10:9**

NET OPERATING LOSSES—Cont'd

- Subsequent years, separate return limitation years, **10:3**
- Successors, **10:3**
- Taxpayers, special status losses, **10:1**
- Tax planning. See index heading TAX PLANNING
- Tax Reform Act of 1986, **10:4**
- Tentative carryback adjustments, **10:8**
- Tentative carryback adjustments, **10:6**
- Thrift institution losses, special status losses, **10:1**
- Tort liability losses, special status losses, **10:1**
- Trade expansion losses, special status losses, **10:1**
- Transfer of assets, **10:1, 10:3**
- Transportation company losses, special status losses, **10:1**
- Unrealized built-in gains and losses, **10:4, 10:7**
- Years
 - carrybacks and carryforwards, **10:1**
 - consolidated return years, **10:1 to 10:6**
 - separate return limitation years (SRLYs), **10:1 to 10:4, 10:9**
 - separate return years, **10:1, 10:2, 10:5**

NEXT DAY RULE

- Consolidated returns, **23:7**
- Reduction of tax attributes under Section 108(B), consolidated return regulations governing, **28:20**

988 HEDGING TRANSACTIONS

- Consolidated computations, themes of single entity and multiple entities, **7:4**

NOLs

- Generally, **10:1 to 10:10**
- For detailed treatment see index heading NET OPERATING LOSSES

NONINTERCOMPANY OBLIGATION, INTERCOMPANY OBLIGATION AS BECOMING

- Intercompany transactions, **15:3**

NONINTERCOMPANY OBLIGATION BECOMES INTERCOMPANY OBLIGATION

- Intercompany transactions, **15:1, 15:3, 15:10 to 15:12**

NONMEMBERS

- Exercise of consolidated return privilege, inclusion of nonmembers, **24:3**

NONRECOGNITION TRANSACTION

- Intercompany transactions, **13:16**

INDEX

NONVOTING STOCK

Affiliated group, dual tests for affiliation, **4:6, 4:7**

NORMAL CORPORATE TAX

Consolidated computations, consolidated tax liability, **7:1**

NOTICE

See index heading ADMINISTRATIVE RULES

O

OBLIGATIONS OF MEMBERS

Intercompany transactions
generally, **15:1 to 15:13**
for detailed treatment see index heading
INTERCOMPANY TRANSACTIONS

OFFSETS

Built-in losses and deductions, offsetting income, **11:1 to 11:3**
Circular basis adjustments, limitation not applicable to offset of other income, **18:35**
General business credit, consolidated computation, **16:1**
History of consolidated returns, **3:8**
Net operating losses, **10:1 to 10:4, 10:7, 10:9**
Section 338 elections, basic rules, **21:1**
Section 1231 net gain or loss, **9:2**
Tax planning. See index heading TAX PLANNING

OFFSPRING RULE

Net operating losses, carrybacks and carryforwards to separate return years, **10:5**

OIL AND GAS

Consolidated computations, themes of single entity and multiple entities, **7:4**

OLD PERSONS

Removal of architectural and transportation barriers, limitations on deductions, **2:8**

OMNIBUS BUDGET RECONCILIATION ACT OF 1989

History of consolidated returns, **3:8**

ONE DAY PROBLEM FOR S CORPORATIONS

Consolidated returns, **23:6**

OPERATING

Losses. See index heading OPERATING LOSSES

OPERATING LOSSES

Life insurance companies, **22:4**
Net operating losses
generally, **10:1 to 10:10**

OPERATING LOSSES—Cont'd

Net operating losses—Cont'd
for detailed treatment see index heading NET
OPERATING LOSSES

OPTION CASH OUTS

Consolidated returns, **23:8**

OPTIONS

History of consolidated returns, optional consolidated returns, **3:1, 3:2**
Section 338, **12:25, 21:3**
Stock options. See index heading STOCK OPTIONS

ORDERING RULES

Reduction of tax attributes under Section 108(B), consolidated return regulations governing, **28:5 to 28:8**

ORDINARY LOSSES

Tax planning, comparison with separate returns, **2:3**

OVERALL DOMESTIC LOSSES

Foreign tax credit, **17:3**

OVERALL FOREIGN LOSSES

Foreign tax credit, carrybacks and carryforwards, **17:2**

OVERALL LIMITATION

Foreign tax credit, **17:1**

OVERLAP RULE

Built-in losses and deductions, **11:1**
Net operating losses, **10:9, 31:31 to 31:38**

OVERPAYMENT

See index heading ESTIMATED TAX

OWNERSHIP

Aggregation of stock ownership. See index heading
AGGREGATE OR AGGREGATION
Change of ownership
continuity of affiliated group, reverse acquisitions, **5:3**
foreign tax credit, **17:2**
general business credit, carrybacks and carryforwards of unused credits, **16:2**
net capital losses, **9:3**
net operating losses, **10:1, 10:3, 10:4**
Section 382 limitation. See index heading SECTION 382
Employee stock ownership plans. See index heading
EMPLOYEE STOCK OWNERSHIP PLANS
Foreign tax credit. See index heading FOREIGN TAX
CREDIT

OWNERSHIP—Cont'd

Stock

- affiliated group. See index heading **AFFILIATED GROUP**
- aggregation of stock ownership. See index heading **AGGREGATE OR AGGREGATION**
- consolidated computations, themes of single entity and multiple entities, **7:4**
- employee stock ownership plans. See index heading **EMPLOYEE STOCK OWNERSHIP PLANS**
- Tax planning. See index heading **TAX PLANNING**

OWN STOCK, ACQUISITION BY ISSUER OF

Intercompany transactions, **14:9**

P

PAN-AMERICAN TRADE CORPORATIONS

- History of consolidated returns, **3:4, 3:5**

PARENT STOCK

- Intercompany transactions, **14:19**

PARTIAL LIQUIDATIONS

- General business credit, consolidated computation, **16:1**
- History of consolidated returns, **3:8**
- Section 338 elections, **21:1**

PARTNERSHIPS

- Affiliated group, publicly traded partnerships, **4:2**
- Consolidated computations, **7:7**
- Intercompany transactions, **13:24, 13:31**
- Limited liability companies. See index heading **LIMITED LIABILITY COMPANIES (LLCS)**

PASSIVE ACTIVITY LOSSES AND CREDITS

- Consolidated computations, consolidated taxable income, **7:2**
- Tax planning, intercompany dividends, **2:4**

PASS-THROUGH ENTITIES

- Consolidated returns, **23:16**

PAYMENT OR PAYMENTS

- Deductions. See index heading **DEDUCTIONS**
- Estimated tax
 - generally, **26:1**
 - for detailed treatment see index heading **ESTIMATED TAX**
- Taxpayers. See index heading **TAXPAYERS**

PENALTIES

- Consolidated computations, consolidated tax liability, **7:1**
- Continued consolidated filing requirement, **25:1**

PENALTIES—Cont'd

- Estimated tax, **26:1, 26:2**
- History of consolidated returns, penalty tax on use of multiple surtax exemptions, **3:6**
- Net operating losses, carryforwards, **10:1**

PER-COUNTRY LIMITATION

- Foreign tax credit, **17:1**

PERMISSION

- See index heading **CONSENT OR PERMISSION**

PERSONAL HOLDING COMPANIES

- Accumulated earnings tax, **22:2**
- Case study, determination of personal holding company status
 - generally, **31:13 to 31:15**
 - adjusted ordinary gross income test, **31:15**
 - stock ownership test, **31:14**
- Limited liability companies, using an LLC to avoid personal holding company trap, **29:8**
- Tax. See index heading **PERSONAL HOLDING COMPANY TAX**
- Tax planning, comparison with separate returns, **2:18**

PERSONAL HOLDING COMPANY TAX

- Generally, **22:3**
- Consolidated computations, consolidated tax liability, **7:1**
- History of consolidated returns, **3:6**

PERSONAL SERVICE CORPORATIONS

- Consolidated computations. See index heading **CONSOLIDATED COMPUTATIONS**
- History of consolidated returns, **3:5**
- Net operating losses, separate return limitation years, **10:3**

PETITIONS

- Administrative rules, parent as agent for subsidiaries, **27:2**

PHRASES AND WORDS

- See index heading **DEFINITIONS**

PLANNING

- Generally, **2:1 to 2:29**
- For detailed treatment see index heading **TAX PLANNING**

PLANS

- Employee stock ownership plans. See index heading **EMPLOYEE STOCK OWNERSHIP PLANS**
- Profit-sharing plans. See index heading **EARNINGS AND PROFITS**

INDEX

POSSESSIONS

Affiliated group, United States possessions corporations, **4:2**

POSTAFFILIATION LOSSES

Affiliated group, business purpose, **4:9**

POSTPONEMENT

See index heading DEFERRAL OR POSTPONEMENT

PRE-1966 REGULATIONS

See index heading REGULATIONS

PREFERRED STOCK

Affiliated group, dual tests for affiliation, **4:6, 4:7**

Dividends

deductions. See index heading DEDUCTIONS

net capital losses, **9:1**

net operating losses, **10:1**

Investment adjustments

allocation of adjustments, **18:8, 18:9**

special definition of preferred stock, **18:14**

PRIVILEGE OF FILING CONSOLIDATED RETURNS

Corporate alternative minimum tax, **22:1**

Exercise of privilege

generally, **24:1 to 24:3**

for detailed treatment see index heading EXERCISE
OF CONSOLIDATED RETURN PRIVILEGE

History of consolidated returns, **3:3 to 3:5**

Tax planning, **2:1**

PRODUCT LIABILITY LOSSES

Net operating losses, special status losses, **10:1**

PROFITS

Generally, **20:1 to 20:19**

For detailed treatment see index heading EARNINGS
AND PROFITS

PROFIT-SHARING PLANS

See index heading EARNINGS AND PROFITS

PROOF

See index heading EVIDENCE

PROPERTY

Assets. See index heading ASSETS

General business credit, consolidated computation,
16:1

Real estate investment trusts. See index heading
REAL ESTATE INVESTMENT TRUSTS

Replacement property. See index heading REPLACE-
MENT PROPERTY

PRO RATA ABSORPTION OF CARRYOVERS

Net operating losses, **10:1, 10:2**

PUBLICLY TRADED PARTNERSHIPS

Affiliated group, includible corporations, **4:2**

PUBLIC UTILITIES

Consolidated computations. See index heading
CONSOLIDATED COMPUTATIONS

Deductions. See index heading DEDUCTIONS

Earnings and profits, **20:9**

General business credit, consolidated computation,
16:1

History of consolidated returns, **3:5, 3:6**

Tax planning. See index heading TAX PLANNING

PURPORTED LOCATION ABUSE

Intercompany transactions, **13:47**

PURPOSE

Business purpose, affiliated group, **4:9**

Group structure changes, **18:26**

Q

QSSS (QUALIFIED SUBCHAPTER S SUBSIDIARY)

Affiliated group, **4:2, 4:3**

QUALIFICATION TESTS

Deductions, Western Hemisphere trade corpora-
tions, **8:4**

Tax planning, comparison with single corporation,
2:26

QUALIFIED OPPORTUNITY FUNDS

Generally, **22:13**

QUALIFIED SUBCHAPTER S SUBSIDIARY (QSSS)

Affiliated group, **4:2, 4:3**

QUESTION OF FACT

Affiliated group, existence of affiliation, **4:4**

R

RAILROAD CORPORATIONS

History of consolidated returns, **3:4**

RAILROAD RETIREMENT TAX ACT

Administrative rules, **27:1**

REAL ESTATE INVESTMENT TRUSTS

Affiliated group, **4:2**

Consolidated computations, themes of single entity
and multiple entities, **7:4**

REAL ESTATE INVESTMENT TRUSTS—Cont'd

Continuity of affiliated group, when group remains in existence, **5:2**
Earnings and profits, **20:14**

REALIZATION

Tax planning, treatment of gain realized from distributions, **2:11**

REALLOCATION

Tax planning, income, deductions and other items, **2:1**

RECAPITALIZATIONS

Intercompany transactions, **13:18**

RECAPTURE

Foreign tax credit, foreign loss, **17:1, 17:2**
General business credit, consolidated computation, **16:1**
Section 338 elections, **21:1, 21:2, 21:4**

RECEIVED DIVIDENDS DEDUCTION

Generally, **8:2**
For detailed treatment see index heading **DEDUCTIONS**

RECOMPUTED CORRESPONDING ITEMS

Intercompany transactions, **13:5**

RECORDKEEPING REQUIREMENTS

Intercompany transactions, **13:58**
Investment adjustments, **18:17**

RECORD OR RECORDS

Administrative rules, examination of returns by bona fide shareholders of record, **27:1**

REDEMPTION

Stock. See index heading **STOCK**

REDUCTION

Basis. See index heading **REDUCTION IN BASIS**
Decline in value of assets. See index heading **DECLINE IN VALUE OF ASSETS**
Investment. See index heading **INVESTMENT**
Tax attributes
generally, **28:1 to 28:27**
for detailed treatment see index heading **REDUCTION OF TAX ATTRIBUTES UNDER SECTION 108(B), CONSOLIDATED RETURN REGULATIONS GOVERNING**

REDUCTION IN BASIS

Continuity of affiliated group, consequences from terminating group, **5:1**
Unified loss rule. See index heading **UNIFIED LOSS RULE**

REDUCTION OF TAX ATTRIBUTES UNDER SECTION 108(B), CONSOLIDATED RETURN REGULATIONS GOVERNING

Generally, **28:1 to 28:27**
Anti-avoidance rule, **28:3**
Basis of intercompany obligations, reduction of, **28:14**
Circular basis, **28:16, 28:25 to 28:27**
Computations, special circular basis problems and solutions, **28:26**
Consolidated attribute reduction rule, **28:8**
Corresponding amendments, **28:21 to 28:24**
Debtor first rule, **28:6**
Departure of a member, **28:17**
Effective date, **28:4**
Election under Section 108(b)(5), **28:11**
Example, special circular basis problems and solutions, **28:27**
Excess loss accounts, **28:15, 28:23**
Excluded COD income, investment adjustment rules for, **28:22**
Intragroup reorganization, **28:18**
Introduction, **28:1 to 28:4**
Look-through rule, **28:7**
Multiple debtor members, special rules, **28:10**
Net operating losses, rules governing apportionment of, **28:24**
Next day rule, nonapplication of, **28:20**
Ordering rules, **28:5 to 28:8**
Rules governing attribute reduction of a consolidated group member, generally, **28:2**
Section 1017, application of, **28:12**
Section 1245, application of, **28:13**
Special circular basis problems and solutions, **28:25 to 28:27**
Special rules, **28:9 to 28:20**
Successor member, **28:19**

REFUNDS

Administrative rules, parent as agent for subsidiaries, **27:2**
History of consolidated returns, **3:8**
Net operating losses, **10:2, 10:6**

REGULATIONS

For related material see index heading **RULES**
Accumulated earnings tax, **22:2**
Alternative minimum tax, **22:1**
Consent to regulations
exercise of consolidated return privilege, **24:1, 24:2**
role of regulations, **6:1, 6:2**
Consolidated computations, **7:1 to 7:7**

REGULATIONS—Cont'd

- Continued consolidated filing requirement, **25:1 to 25:3**
- Continuity of affiliated group, **5:1 to 5:3**
- Corporate alternative minimum tax, **22:1**
- Deductions. See index heading **DEDUCTIONS**
- Estimated tax, **26:1, 26:2**
- Exercise of consolidated return privilege, **24:1 to 24:3**
- Financial institutions, **22:5**
- Foreign tax credit, **17:1, 17:2**
- General business credit, **16:1, 16:2**
- History of consolidated returns, **3:1, 3:3, 3:7 to 3:9**
- Legislative regulations. See index heading **LEGISLATIVE REGULATIONS**
- Life insurance companies, **22:4**
- Net capital gains and losses, **9:1, 9:3, 9:4**
- Net operating losses, **10:1 to 10:10**
- 1966 regulations
 - generally, **1:1**
 - consolidated computations, **7:4, 7:5**
 - continued consolidated filing requirement, **25:1, 25:3**
 - continuity of affiliated group, **5:2, 5:3**
 - history of consolidated returns, **3:7**
 - revisions, **1:2**
 - role of regulations, **6:1, 6:3, 6:4**
- Personal holding company tax, **22:3**
- Pre-1966 regulations
 - consolidated computations, consolidated tax liability, **7:1**
 - continued consolidated filing requirement, special permission to shift to separate returns, **25:2**
 - continuity of affiliated group, when group remains in existence, **5:2**
 - role of regulations, **6:3, 6:4**
 - treatment, **1:3**
- Role of regulations
 - generally, **6:1 to 6:4**
 - for detailed treatment see index heading **ROLE OF REGULATIONS**
- Section 336(e) elections, **21:6**
- Section 338 elections, **21:1 to 21:5**
- Section 382 limitation. See index heading **SECTION 382**
- Section 1231 net gain or loss, **9:2**
- Tax planning, **2:1 to 2:29**
- Treatment of pre-1966 regulations, **1:3**
- Unrelated business taxable income, **22:6**

REHABILITATION OF CORPORATION

- Built-in losses and deductions, **11:1, 11:2**

REINCORPORATION

- Section 338 elections, **21:1 to 21:5**

REITs

- See index heading **REAL ESTATE INVESTMENT TRUSTS**

RELATED PARTY, SALE TO

- Intercompany transactions, **13:48**
- Section 336(e) elections, **21:6**
- Section 338 elections, **21:5**

REMOVAL OF ARCHITECTURAL AND TRANSPORTATION BARRIERS TO HANDICAPPED AND ELDERLY PERSONS

- Tax planning, limitations on deductions, **2:8**

REORGANIZATIONS

- Continuity of affiliated group, **5:2, 5:3**
- Earnings and profits, internal reorganizations, **20:17**
- Net operating losses, **10:3 to 10:5**
- Reduction of tax attributes under Section 108(B), consolidated return regulations governing, **28:18**

REPLACEMENT PROPERTY

- Consolidated computations, themes of single entity and multiple entities, **7:4**

REPUDIATION

- Consent to regulations, exercise of consolidated return privilege, **24:1**

REQUESTS

- Administrative rules, parent as agent for subsidiaries, **27:2**
- Continued consolidated filing requirement, special permission to shift to separate returns, **25:2**

REQUISITE STOCK BASIS REDUCTION

- Intercompany transactions, **14:4**

RESERVE ACCOUNTING

- Intercompany transactions, **13:41 to 13:43**

RESTORATION

- Consolidated computations, amounts held under claim of right, **7:4**

RESTRICTIONS

- See index heading **LIMITATIONS**

RETURNS

- Administrative rules, **27:1**

REVENUE ACT OF 1917

- Affiliated group, affiliated status, **4:4**

REVENUE ACT OF 1917—Cont'd

History of consolidated returns, **3:1**

REVENUE ACT OF 1918

Generally, **1:1**

Affiliated group, affiliated status, **4:4**

History of consolidated returns, **3:1**

REVENUE ACT OF 1921

History of consolidated returns, **3:1, 3:2**

REVENUE ACT OF 1924

History of consolidated returns, **3:2**

REVENUE ACT OF 1926

History of consolidated returns, **3:2**

REVENUE ACT OF 1928

Exercise of consolidated return privilege, **24:1**

History of consolidated returns, **3:3**

Net operating losses, **10:1**

Role of regulations, **6:1, 6:2**

REVENUE ACT OF 1932

History of consolidated returns, **3:3**

REVENUE ACT OF 1934

History of consolidated returns, **3:4**

REVENUE ACT OF 1935

History of consolidated returns, **3:4**

REVENUE ACT OF 1936

History of consolidated returns, **3:4**

REVENUE ACT OF 1938

History of consolidated returns, **3:4**

REVENUE ACT OF 1939

Affiliated group, **4:1**

History of consolidated returns, **3:4, 3:5**

REVENUE ACT OF 1942

History of consolidated returns, **3:5**

REVENUE ACT OF 1943

History of consolidated returns, **3:5**

REVENUE ACT OF 1950

History of consolidated returns, **3:5**

REVENUE ACT OF 1951

History of consolidated returns, **3:5**

REVENUE ACT OF 1964

Consolidated computations, consolidated tax liability, **7:1**

History of consolidated returns, **3:6**

REVENUE ACT OF 1969

Consolidated computations, themes of single entity and multiple entities, **7:4**

REVENUE ACT OF 1971

History of consolidated returns, **3:7**

REVENUE ACT OF 1976

Net operating losses, **10:4**

REVENUE ACT OF 1987

Consolidated computations, themes of single entity and multiple entities, **7:4**

History of consolidated returns, **3:8**

Investment adjustments, **18:2**

REVERSE ACQUISITIONS

Administrative rules, parent as agent for subsidiaries, **27:2**

Case study, sample tax return extracts

generally, **31:16 to 31:23**

estimated tax payments, schedule of, **31:23**

Form 851—affiliations schedule, **31:21**

Form 1120—U.S. corporation income tax return, **31:18**

Form 1122—authorization and consent of subsidiary to be included in consolidated return, **31:22**

Form 7004—application for automatic extension of time to file corporation income tax return, **31:20**

illustrated forms and statements, generally, **31:17**
statement regarding reverse acquisition, **31:19**

Continuity of affiliated group, **5:3**

Earnings and profits, **20:15, 20:16**

Estimated tax payments, schedule of, **31:23**

Net operating losses, **10:3, 10:5**

Section 338 elections, **21:1**

Tax planning, comparison with separate returns, **2:12**

REVERSE MERGERS

Net operating losses, separate return limitation years, **10:3**

REVOCATION

Consent to regulations, exercise of consolidated return privilege, **24:1**

ROLE

Regulations. See index heading **ROLE OF REGULATIONS**

ROLE OF REGULATIONS

Generally, **6:1 to 6:4**

1966 regulations, **6:1, 6:3, 6:4**

INDEX

ROLE OF REGULATIONS—Cont'd

- Administrative Procedure Act, validity of regulations, **6:2**
- Application or applicability
 - other provisions of law, **6:4**
 - period of regulations, **6:3**
- Concept of legislative regulations, **6:1**
- Consent to regulations, **6:1, 6:2**
- Delegation of power, **6:1, 6:2**
- Internal Revenue Code of 1954, **6:1, 6:2**
- Invalidity or validity of regulations, **6:2**
- Legislative regulations, concept of, **6:1**
- Other provisions of law, application of, **6:4**
- Pre-1966 regulations, **6:3, 6:4**
- Revenue Act of 1928, **6:1, 6:2**
- Validity or invalidity of regulations, **6:2**

RULES

- For related material see index heading REGULATIONS
- Administrative rules
 - generally, **27:1 to 27:4**
 - for detailed treatment see index heading ADMINISTRATIVE RULES
- Estimated tax
 - generally, **26:1, 26:2**
 - for detailed treatment see index heading ESTIMATED TAX
- Reduction of tax attributes. See index heading REDUCTION OF TAX ATTRIBUTES UNDER SECTION 108(B), CONSOLIDATED RETURN REGULATIONS GOVERNING
- Section 338 elections, **21:1, 21:4**

S

SALES

- Circular basis adjustments. See index heading CIRCULAR BASIS ADJUSTMENTS
- Domestic international sales corporations. See index heading DOMESTIC INTERNATIONAL SALES CORPORATIONS
- Installment sales. See index heading INSTALLMENT SALES
- Net operating losses, purchase of stock, **10:4**
- Section 336(e) elections, **21:6**
- Section 338 elections, assets, **21:1 to 21:5**
- Tax planning, intercompany transactions, **2:7, 2:25**

SAME TAXABLE YEAR END REQUIREMENT

- Consolidated returns, **23:10**

SANCTIONS

- See index heading PENALTIES

S CORPORATIONS

- Affiliated group, **4:2 to 4:4**
- Consolidated returns, **23:6**
- Continuity of affiliated group, when group remains in existence, **5:2**
- One day problem for, **23:6**
- Section 338 elections, **21:2**

SECOND REVENUE ACT OF 1940

- Affiliated group, **4:1**
- History of consolidated returns, **3:5**

SECTION 168(k)

- Bonus depreciation, **22:12**

SECTION 336(e) ELECTIONS

- Generally, **21:6**

SECTION 338 ELECTIONS

- Generally, **21:1 to 21:5**
- Acquisitions, **21:1 to 21:5**
- Adjustment to basis of assets of purchased subsidiary, **21:1**
- Assets, **21:1 to 21:5**
- Basic rules, **21:1**
- Basis, **21:1, 21:4**
- Canadian corporations, **21:1**
- Carrybacks, **21:1**
- Carryovers, **21:1, 21:4**
- Consistency rules, **21:1, 21:4**
- Constructive transactions, **21:1 to 21:4**
- Contingent purchase price, **21:1**
- Deemed sales, **21:1, 21:2**
- Deferral, basic rules, **21:1**
- Dividends, **21:4**
- Exceptions, **21:2**
- Excess loss account, **21:1, 21:2**
- Foreign corporations, **21:1**
- Gains, **21:1, 21:2**
- Income recapture, **21:1, 21:2**
- Investment credit recapture, **21:1, 21:2**
- Legislative regulations, **21:1**
- Liquidation, **21:1 to 21:5**
- Losses, **21:1, 21:2**
- Mexican corporations, **21:1**
- Modified aggregate deemed sale price formula, **21:2**
- Offsets, basic rules, **21:1**
- Options, treatment of, **21:3**
- Partial liquidations, **21:1**
- Recapture, **21:1, 21:2, 21:4**
- Regulations, **21:1 to 21:5**
- Reincorporation, **21:1 to 21:5**

SECTION 338 ELECTIONS—Cont'd

- Reverse acquisitions, **21:1**
- Rules, **21:1, 21:4**
- Sale of assets, **21:1 to 21:5**
- S corporations, **21:2**
- Separate returns, **21:1, 21:2**
- Series of constructive transactions, **21:1 to 21:5**
- State income tax law, **21:2**
- Tax Equity and Fiscal Responsibility Act of 1982, **21:1**
- Tax Reform Act of 1984, **21:1**
- Tax Reform Act of 1986, **21:2**
- Technical Corrections Act of 1982, **21:2**
- Transitory affiliation and qualified stock purchases, **21:5**
- Treatment of options, **21:3**

SECTION 338(H)(10) TRANSACTIONS

- Intercompany transactions, **14:14**

SECTION 351, TRANSACTIONS UNDER

- Intercompany transactions, **13:19**

SECTION 361(b)(3)

- Excess loss accounts, **18:25**

SECTION 362

- Group structure changes, **18:28**

SECTION 381

- Net operating losses, **10:3**

SECTION 382

- Net operating losses, **10:1, 10:3, 10:4, 10:9**
- Recognized built in gains
 - intercompany transactions, **13:25**
 - limited liability companies, **29:13**
- The consolidated 382 limitation
 - generally, **12:1 to 12:28**
 - allocation of limitation to member leaving the group, **12:20**
 - allocation of NUBIG and NUBIL, **12:22**
 - anti-duplication rule
 - application of Section 382 with respect to a consolidated group, **12:8**
 - Subgroup Section 382 limitation, **12:14**
 - built-in gains and losses, **12:9, 12:22**
 - carryover of unabsorbed limitation, subgroup Section 382 limitation, **12:17**
 - consolidated group, application of Section 382 with respect to
 - generally, **12:3 to 12:10**
 - anti-duplication rule, **12:8**
 - built-in gains and losses, **12:9**

SECTION 382—Cont'd

- The consolidated 382 limitation—Cont'd
 - consolidated group, application of Section 382 with respect to—Cont'd
 - end of separate tracking, **12:6**
 - loss group defined, **12:5**
 - predecessor and successors, **12:10**
 - proration of change year, **12:4**
 - significance of loss subgroups, **12:7**
 - continuity of business requirement, subgroup Section 382 limitation, **12:16**
 - corporation becoming a member of a consolidated group
 - new loss member, **12:18**
 - separate member determinations, **12:19**
 - end of separate tracking, **12:6**
 - fold in rule, **12:6**
 - leaving a group or a subgroup
 - generally, **12:20 to 12:23**
 - allocation of limitation to member leaving the group, **12:20**
 - allocation of NUBIG and NUBIL, **12:22**
 - method and timing of election, **12:23**
 - subsidiary leaving a subgroup, **12:21**
 - loss group defined, **12:5**
 - method and timing of election, **12:23**
 - minority stock ownership, subgroup Section 382 limitation, **12:15**
 - option rules for subsidiary stock, **12:25**
 - ownership change of a loss group or loss subgroup, generally, **12:11, 12:12**
 - parent change method, ownership change of a loss group or loss subgroup, **12:11**
 - predecessor and successors, **12:10**
 - proration of change year, **12:4**
 - retribution of losses, **12:27**
 - regulation § 1.1502-96
 - end of separate tracking, **12:24**
 - option rules for subsidiary stock, **12:25**
 - retribution of losses, **12:27**
 - successive ownership changes, **12:26**
 - regulations §§ 1.1502-97 through 1.1502-99, **12:28**
 - separate tracking, end of, **12:24**
 - significance of loss subgroups, **12:7**
 - structure of the regulations, **12:2**
 - Subgroup Section 382 limitation
 - generally, **12:13 to 12:17**
 - anti-duplication rule, **12:14**
 - carryover of unabsorbed limitation, **12:17**
 - continuity of business requirement, **12:16**

INDEX

SECTION 382—Cont'd

- The consolidated 382 limitation—Cont'd
- Subgroup Section 382 limitation—Cont'd
 - minority stock ownership, **12:15**
 - subsidiary leaving a subgroup, **12:21**
 - successive-ownership-change rule, **12:6**
 - successive ownership changes, **12:26**
 - supplemental rule for certain acquisitions of subsidiary stock, ownership change of a loss group or loss subgroup, **12:12**

SECTION 384

- Built-in losses and deductions, limitation on, **11:4**
- Net operating losses, **10:1, 10:3, 10:7**

SECTION 721

- Intercompany transactions, **13:19**

SECTION 1017

- Reduction of tax attributes under Section 108(B), consolidated return regulations governing, **28:12**

SECTION 1031 EXCHANGES

- Intercompany transactions, **13:17**

SECTION 1231 GAINS AND LOSSES

- Aggregation, net gain or loss, **9:2**
- Computations, net gain or loss, **9:2**
- Involuntary conversion, net gain or loss, **9:2**
- Net gain or loss, **9:1, 9:2**
- Offsets, net gain or loss, **9:2**
- Regulations, net gain or loss, **9:2**

SECTION 1245

- Reduction of tax attributes under Section 108(B), consolidated return regulations governing, **28:13**

SECURITY DEALERS

- Intercompany transactions, **13:27**

SEPARATE BASIS

- Estimated tax, **26:1, 26:2**

SEPARATE LIFE INSURANCE BUSINESSES

- Mutual savings banks, **7:1, 22:5**

SEPARATE LIMITATION LOSSES

- Foreign tax credit, **17:3**

SEPARATE RETURN LIMITATION YEARS (SRLYs)

- Built-in losses and deductions, **11:1**
- Net operating losses, **10:1 to 10:4, 10:9, 31:31 to 31:38**

SEPARATE RETURNS

- Administrative rules, separate information returns, **27:1**
- Continued consolidated filing requirement, permission to shift, **25:1 to 25:3**
- Model tax returns. See index heading MODEL TAX RETURNS
- Section 338 elections, **21:1, 21:2**
- Shift to separate returns. See index heading SHIFT TO SEPARATE RETURNS
- Tax planning. See index heading TAX PLANNING

SEPARATE RETURN YEARS

- Net operating losses, **10:1 to 10:5, 10:9**

SEPARATE TAXABLE INCOME

- Computations, **7:2, 7:3**

SEPARATE TRACKING

- Section 338 limitation, **12:24**

SERIES OF CONSTRUCTIVE TRANSACTIONS

- Section 338 elections, **21:1 to 21:5**

SERVICES

- Personal service corporations. See index heading PERSONAL SERVICE CORPORATIONS

SETOFFS

- See index heading OFFSETS

SEVERAL LIABILITY OF MEMBERS

- Consolidated computations, consolidated tax liability, **7:1**
- Limited liability companies, **29:7**

SHAREHOLDERS

- See index heading STOCKHOLDERS OR SHAREHOLDER

SHARES

- See index heading STOCK

SHARING

- See index heading EARNINGS AND PROFITS

SHIFT TO SEPARATE RETURNS

- Continued consolidated filing requirement, permission, **25:1 to 25:3**

SHORT PERIOD RETURNS

- Consolidated returns, **23:18**

SIGNATURES

- Consent to regulations, exercise of consolidated return privilege, **24:1, 24:2**

SIMPLIFYING RULES

- Intercompany transactions generally, **13:39 to 13:44**

SIMPLIFYING RULES—Cont'd

Intercompany transactions—Cont'd
for detailed treatment see index heading
INTERCOMPANY TRANSACTIONS

SINGLE CORPORATION

See index heading TAX PLANNING

SINGLE ENTITY

Consolidated computations, **7:4, 7:5**
General business credit, concept, **16:1**

SMALL BUSINESS JOB PROTECTION ACT OF 1996

Affiliated group, S corporations, **4:2**

SPECIAL CIRCULAR BASIS PROBLEMS

Reduction of tax attributes under Section 108(B),
consolidated return regulations governing,
28:25 to 28:27

SPECIAL PERMISSION

Shift to separate returns, continued consolidated
filing requirement, **25:2**

SPECIAL RULES

Earnings and profits, **20:6**
Reduction of tax attributes under Section 108(B),
consolidated return regulations governing,
28:9 to 28:20

SPECIAL STATUS COMPANIES

Intercompany transactions, **13:13, 13:41**

SPECIAL STATUS LOSSES

Net operating losses, **10:1**

SPECIAL TAXES AND TAXPAYERS

Generally, **22:1 to 22:13**

SPIN-OFFS

Consolidated computations, themes of single entity
and multiple entities, **7:4**
Earnings and profits, **20:12**
Excess loss accounts, inclusion events, **18:24**
History of consolidated returns, **3:8**
Intercompany transactions, **14:16**
Tax planning, alternatives, **2:1**

SRLYs (SEPARATE RETURN LIMITATION YEARS)

See index heading SEPARATE RETURN LIMITATION YEARS
(SRLYs)

S's ITEMS

Intercompany transactions, **13:33**

START-UP COSTS

Limited liability companies (llcs), **29:5**

STATE TAX

Intercompany transactions, **13:64**
Limited liability companies, **29:10**
Section 338 elections, **21:2**
Tax planning, comparison with separate returns,
2:22

STATUS

Affiliated status of affiliated group, **4:4**
Net operating losses, special status losses, **10:1**

STATUTE OF LIMITATIONS

Administrative rules, **27:3**
Continuity of affiliated group, reverse acquisitions,
5:2
Earnings and profits, **20:1**
Waiver, **5:3, 27:3**

STOCK

Common stock. See index heading COMMON STOCK
Continuity of affiliated group, **5:2, 5:3**
Disposition of stock
circular basis adjustments, dispositions of chains,
18:34
income includible in consolidated returns,
continuation of group upon disposition of all
subsidiaries, **23:3**
In-kind distributions of stock. See index heading
IN-KIND DISTRIBUTIONS OF STOCK
Intercompany transactions
generally, **14:1 to 14:21**
for detailed treatment see index heading
INTERCOMPANY TRANSACTIONS
Investment adjustments, allocation of adjustments,
18:8, 18:9
Options. See index heading STOCK OPTIONS
Ownership. See index heading OWNERSHIP
Personal holding company status, determination of,
31:14
Preferred stock. See index heading PREFERRED STOCK
Redemption of stock
investment adjustments, dividend-redemptions of
stock held by nonmembers, **18:10**
net operating losses, **10:4**
Tax planning. See index heading TAX PLANNING

STOCK ELIMINATION TRANSACTION

Intercompany transactions, **13:63**

STOCKHOLDERS OR SHAREHOLDERS

Administrative rules, examination of returns by
bona fide shareholders of record, **27:1**

INDEX

STOCKHOLDERS OR SHAREHOLDERS

—Cont'd

Minority shareholders. See index heading MINORITY SHAREHOLDERS

Tax planning. See index heading TAX PLANNING

STOCK OPTIONS

Affiliated group, dual tests for affiliation, **4:7**

Continuity of affiliated group, reverse acquisitions, **5:3**

STRADDLES

Intercompany transactions, **13:29**

STRICT COMPLIANCE WITH REGULATIONS

Exercise of consolidated return privilege, **24:1**

STRUCTURE OF GROUP

See index heading GROUP STRUCTURE CHANGES

SUBGROUPS

Affiliated group, **4:1**

Net operating losses, **10:4, 10:9**

Section 382 limitation. See index heading SECTION 382

SUBSEQUENT YEARS

Affiliated group, affiliated status, **4:4**

Continued consolidated filing requirement, **25:1**

Net operating losses, separate return limitation years, **10:3**

Tax planning, consequences for subsequent years, **2:29**

SUBSTANTIAL ADVERSE EFFECT

Continued consolidated filing requirement, permission to shift to separate returns, **25:2, 25:3**

SUCCESSIVE INTERCOMPANY TRANSACTIONS

Intercompany transactions, **13:37**

SUCCESSOR ASSETS

Intercompany transactions, **13:54**

SUCCESSOR MEMBER

Reduction of tax attributes under Section 108(B), consolidated return regulations governing, **28:19**

SUCCESSOR PERSONS

Intercompany transactions, **13:55**

SUCCESSORS

Investment adjustments, **18:16**

Net operating losses, **10:3**

Section 338 limitation, **12:10**

SURTAX

Built-in losses and deductions, surtax exemptions, **11:2**

Consolidated computations, consolidated tax liability, **7:1**

History of consolidated returns. See index heading HISTORY OF CONSOLIDATED RETURNS

Multiple surtax exemptions. See index heading MULTIPLE SURTAX EXEMPTIONS

T

TAMRA

See index heading TECHNICAL AND MISCELLANEOUS REVENUE ACT OF 1988

TAXABLE INCOME

Consolidated computations. See index heading CONSOLIDATED COMPUTATIONS

Consolidated taxable income. See index heading CONSOLIDATED TAXABLE INCOME

Deductions, **8:1 to 8:4**

Investment adjustments, modifications to taxable income, **18:3**

Separate taxable income. See index heading SEPARATE TAXABLE INCOME

Unrelated business taxable income, **22:6**

TAXABLE YEAR

Continuity of affiliated group, **5:1 to 5:3**

Estimated tax, **26:1, 26:2**

TAX BENEFIT RULE

Intercompany transactions, **15:7**

TAX COURT PROCEEDINGS

Administrative rules, parent as agent for subsidiaries, **27:2**

TAX CUTS AND JOBS ACT

Generally, **10:1, 17:1, 22:1, 22:4, 22:8 to 22:13**

TAX EQUITY AND FISCAL RESPONSIBILITY ACT OF 1982

Affiliated group, affiliated status, **4:4**

Corporate alternative minimum tax, **22:1**

History of consolidated returns, **3:8**

Section 338 elections, **21:1**

TAX EXEMPT

Corporations, affiliated group, **4:2**

Investment adjustments, tax-exempt income, **18:4**

TAXPAYERS

Consolidated computations, elections, **7:6**

Net operating losses, special status losses, **10:1**

TAXPAYERS—Cont'd

Special taxpayers, **22:1 to 22:13**

TAX PLANNING

Generally, **2:1 to 2:29**

Accounting periods, comparison with separate returns, **2:9**

Acquisition or acquisitions

application of reverse acquisition rules, comparison with separate returns, **2:12**

consequences for subsequent years, **2:29**

stock acquisitions, alternatives, **2:1**

treatment of losses and credits, comparison with single corporation, **2:24**

Adjustment or adjustments

basis, below

inventory adjustments, intercompany transactions, **2:25**

investment adjustments, below

Administration

effect on corporate administration, comparison with separate returns, **2:21**

relation to state tax administration, comparison with separate returns, **2:22**

Affiliated group, **2:1 to 2:29**

Aggregation of stock ownership, comparison with separate returns, **2:17**

Allocation of tax

minority shareholders in subsidiaries, comparison with separate returns, **2:15**

public utilities, comparison with separate returns, **2:16**

Alternative minimum tax

comparison with separate returns, generally, **2:14**

limitations on deductions and credits, comparison with separate returns, **2:8**

treatment of losses, comparison with separate returns, **2:3**

Alternatives, **2:1**

Application of reverse acquisition rules, comparison with separate returns, **2:12**

Assets

application of reverse acquisition rules, comparison with separate returns, **2:12**

characteristics after intercompany transfers, comparison with separate returns, **2:7**

intercompany transactions, comparison with single corporation, **2:25**

single corporation comparison, **2:23**

treatment of losses and credits, comparison with single corporation, **2:24**

At-risk rules, treatment of losses, **2:3**

TAX PLANNING—Cont'd

Basis

adjustments

intercompany dividends, comparison with separate returns, **2:4**

investment adjustments, comparison with separate returns, **2:5**

characteristics after intercompany transfers, comparison with separate returns, **2:7**

consequences for subsequent years, **2:29**

Capital gains and losses, comparison with separate returns, **2:3**

Carrybacks, treatment of losses, **2:3**

Carryovers

separate returns, comparison with, **2:3**

single corporation, comparison with, **2:24**

Characteristics after intercompany transfers, comparison with separate returns, **2:7**

Charitable contributions, limitations on deductions and credits, **2:8**

Closely held group of C corporations, intercompany dividends, **2:4**

Comparison

separate returns, **2:2 to 2:22**

single corporation, **2:23 to 2:28**

Consequences for subsequent years, **2:29**

Consistent or consistency

accounting periods, comparison with separate returns, **2:9**

elections, comparison with separate returns, **2:10**

treatment, comparison with single corporation, **2:27**

Consolidated tax allocation by public utilities, comparison with separate returns, **2:16**

Contributions

charitable contributions, limitations on deductions and credits, **2:8**

profit-sharing plan contributions, comparison with separate returns, **2:19**

Credits

allocation of consolidated tax by utilities, comparison with separate returns, **2:16**

comparison with separate returns, generally, **2:3**

foreign tax credit, comparison with separate returns, **2:8, 2:13**

limitations

separate returns, comparison with, **2:8**

single corporation, comparison with, **2:24**

treatment, comparison with single corporation, **2:24**

TAX PLANNING—Cont'd

- Deductions
 - characteristics after intercompany transfers, comparison with separate returns, **2:7**
 - dividends, alternatives, **2:1**
 - limitations, comparison with separate returns, **2:8**
 - reallocation, alternatives, **2:1**
 - treatment of losses, comparison with separate returns, **2:3**
- Deemed dividend election, comparison with separate returns, **2:4**
- Deferral or postponement
 - gains or losses, comparison with separate returns, **2:3, 2:6**
 - intercompany transactions, comparison with single corporation, **2:25**
 - recognition of intercompany losses, comparison with separate returns, **2:3**
 - treatment of gain realized from distributions, comparison with separate returns, **2:11**
- Distributions
 - intercompany dividends, comparison with separate returns, **2:4**
 - treatment of gain realized from distributions, comparison with separate returns, **2:11**
- Dividends
 - deduction of dividends, alternatives, **2:1**
 - intercompany dividends, comparison with separate returns, **2:4**
 - limitations on deductions, comparison with separate returns, **2:8**
- Dual resident corporations
 - consequences for subsequent years, **2:29**
 - treatment of losses, comparison with separate returns, **2:3**
- Earnings and profits
 - contributions to profit-sharing plan, comparison with separate returns, **2:19**
 - intercompany dividends, comparison with separate returns, **2:4**
 - postponement of intercompany gains, comparison with separate returns, **2:6**
 - treatment of losses, comparison with separate returns, **2:3**
- Effect on corporate administration, comparison with separate returns, **2:21**
- Elections
 - alternatives, **2:1**
 - consequences for subsequent years, **2:29**
 - consistent elections, comparison with separate returns, **2:10**

TAX PLANNING—Cont'd

- Elections—Cont'd
 - deemed dividend election, comparison with separate returns, **2:4**
- Employment taxes, comparison with single corporation, **2:28**
- Estimated tax payments, limitations on deductions and credits, **2:8**
- Exempt organizations, comparison with separate returns, **2:20**
- Exercise of consolidated return privilege, alternatives, **2:1**
- Foreign corporations
 - inclusion, comparison with separate returns, **2:13**
 - intercompany dividends, comparison with separate returns, **2:4**
- Foreign tax credit, comparison with separate returns, **2:8, 2:13**
- Gains
 - characteristics after intercompany transfers, comparison with separate returns, **2:7**
 - comparison with separate returns, generally, **2:3**
 - consequences for subsequent years, **2:29**
 - postponement of intercompany gains, comparison with separate returns, **2:6**
 - treatment of gain realized from distributions, comparison with separate returns, **2:11**
- General business credit limitations, comparison with separate returns, **2:8**
- Inclusion of foreign corporations, comparison with separate returns, **2:13**
- Income
 - reallocation, alternatives, **2:1**
 - treatment of losses, comparison with separate returns, **2:3**
- Installment sales, characteristics after intercompany transfers, **2:7**
- Intercompany
 - dividends, comparison with separate returns, **2:4**
 - transactions. Intercompany transactions, below
- Intercompany transactions
 - characteristics after intercompany transfers, comparison with separate returns, **2:7**
 - consequences for subsequent years, **2:29**
 - postponement of intercompany gains, comparison with separate returns, **2:6**
 - sales, **2:7, 2:25**
 - single corporation, comparison with, **2:25**
 - treatment of losses, comparison with separate returns, **2:3**
- Inventory adjustments, intercompany transactions, **2:25**

TAX PLANNING—Cont'd

- Investment adjustments
 - comparison with separate returns, **2:3, 2:5**
 - consequences for subsequent years, **2:29**
 - treatment of losses, comparison with separate returns, **2:3**
- Limitations
 - credits, above
 - deductions, comparison with separate returns, **2:8**
 - losses, comparison with single corporation, **2:24**
- Limited liability companies
 - generally, **29:1 to 29:20**
 - for detailed treatment see index heading LIMITED LIABILITY COMPANIES (LLCS)
- Losses
 - allocation of consolidated tax by utilities, comparison with separate returns, **2:16**
 - characteristics after intercompany transfers, comparison with separate returns, **2:7**
 - consequences for subsequent years, **2:29**
 - net operating losses, below
 - passive activity losses, intercompany dividends, **2:4**
 - postponement of intercompany gains, comparison with separate returns, **2:6**
 - treatment
 - separate returns, comparison with, **2:3**
 - single corporation, comparison with, **2:24**
- Minority shareholders in subsidiaries, comparison with separate returns, **2:15**
- Miscellaneous considerations, comparison with single corporation, **2:28**
- Net operating losses
 - separate returns, comparison with, **2:3, 2:8**
 - single corporation, comparison with, **2:24**
- Offsets
 - minority shareholders in subsidiaries, comparison with separate returns, **2:15**
 - passive activity losses, intercompany dividends, **2:4**
 - treatment of losses, comparison with separate returns, **2:3**
- Ordinary losses, comparison with separate returns, **2:3**
- Ownership
 - aggregation of stock ownership, comparison with separate returns, **2:17**
 - application of reverse acquisition rules, comparison with separate returns, **2:12**
- Passive activity losses, intercompany dividends, **2:4**

TAX PLANNING—Cont'd

- Personal holding company classification, comparison with separate returns, **2:18**
- Postponement. Deferral or postponement, above
- Preferred stock of public utilities, limitations on dividends paid deduction, **2:8**
- Privilege of filing consolidated returns, **2:1**
- Profits. Earnings and profits, above
- Public utilities
 - allocation of consolidated tax, **2:16**
 - preferred stock of public utilities, limitations on dividends paid deduction, **2:8**
- Qualification tests, comparison with single corporation, **2:26**
- Reallocation of income, deductions and other items, alternatives, **2:1**
- Recognition of intercompany losses postponed, comparison with separate returns, **2:3**
- Regulations, **2:1 to 2:29**
- Relation to state tax administration, comparison with separate returns, **2:22**
- Removal of architectural and transportation barriers to handicapped and elderly persons, limitations on deductions, **2:8**
- Reverse acquisition rules, comparison with separate returns, **2:12**
- Sales, intercompany transactions, **2:7, 2:25**
- Separate returns
 - alternatives, **2:1**
 - comparison, **2:2 to 2:22**
 - consequences for subsequent years, **2:29**
- Setoffs. Offsets, above
- Shareholders. Stockholders or shareholders, below
- Single corporation
 - alternatives, **2:1**
 - comparison, **2:23 to 2:28**
- Spinoffs, alternatives, **2:1**
- State tax administration, comparison with separate returns, **2:22**
- Stock
 - acquisitions, alternatives, **2:1**
 - aggregation of stock ownership, comparison with separate returns, **2:17**
 - application of reverse acquisition rules, comparison with separate returns, **2:12**
 - intercompany dividends, comparison with separate returns, **2:4**
 - investment adjustments, comparison with separate returns, **2:5**
 - preferred stock of public utilities, limitations on dividends paid deduction, **2:8**

INDEX

TAX PLANNING—Cont'd

- Stock—Cont'd
 - treatment of gain realized from distributions, comparison with separate returns, **2:11**
 - treatment of losses, comparison with separate returns, **2:3**
- Stockholders or shareholders
 - allocation of consolidated tax by utilities, comparison with separate returns, **2:16**
 - minority shareholders in subsidiaries, comparison with separate returns, **2:15**
 - spinoffs, alternatives, **2:1**
- Subsequent years, consequences for, **2:29**
- Termination of affiliated group, consequences for subsequent years, **2:29**
- Tests
 - application of reverse acquisition rules, comparison with separate returns, **2:12**
 - qualification tests, comparison with single corporation, **2:26**
- Time
 - consistent accounting periods, comparison with separate returns, **2:9**
 - deferral or postponement, above
 - subsequent years, consequences for, **2:29**
- Transactions. Intercompany transactions, above
- Treatment
 - consistency of treatment, comparison with single corporation, **2:27**
 - credits, comparison with single corporation, **2:24**
 - gain realized from distributions, comparison with separate returns, **2:11**
 - losses, above

TAX REFORM ACT OF 1969

- Affiliated group, **4:2**
- Corporate alternative minimum tax, **22:1**
- Deductions, mine exploration expenditures, **8:3**
- History of consolidated returns, **3:7**
- Investment adjustments, **18:2**
- Net capital losses, **9:3**
- Unrelated business taxable income, **22:6**

TAX REFORM ACT OF 1976

- Corporate alternative minimum tax, **22:1**
- History of consolidated returns, **3:8**

TAX REFORM ACT OF 1984

- Affiliated group, **4:5, 4:6**
- Consolidated computations, **7:4, 7:5**
- History of consolidated returns, **3:8**
- Section 338 elections, **21:1**

TAX REFORM ACT OF 1986

- Affiliated group, **4:2, 4:3, 4:5**
- Alternative minimum tax, **22:1**
- Consolidated computations, **7:2, 7:4, 7:5**
- Foreign tax credit, consolidated computations, **17:1**
- General business credit, **16:1, 16:2**
- History of consolidated returns, **3:8**
- Net operating losses, **10:4**
- Section 338 elections, **21:2**

TAX YEAR CONSIDERATIONS

- Consolidated returns, **23:1**

TECHNICAL AND MISCELLANEOUS REVENUE ACT OF 1988

- History of consolidated returns, **3:8**

TECHNICAL CORRECTIONS ACT OF 1982

- History of consolidated returns, **3:8**
- Section 338 elections, **21:2**

TEFRA

- See index heading TAX EQUITY AND FISCAL RESPONSIBILITY ACT OF 1982

TENTATIVE CARRYBACK ADJUSTMENTS

- Net operating losses, **10:6**

TERMINATION

- Administrative rules, parent as agent for subsidiaries, **27:2**
- Affiliated group. See index heading AFFILIATED GROUP

TESTS

- Affiliated group, **4:5 to 4:8**
- Continued consolidated filing requirement, special permission to shift to separate returns, **25:2**
- Continuity of affiliated group, when group remains in existence, **5:2**
- Personal holding company tax, **22:3**
- Qualification tests. See index heading QUALIFICATION TESTS
- Tax planning. See index heading TAX PLANNING

THRIFT INSTITUTIONS

- Earnings and profits, **20:13**
- Net operating losses, special status losses, **10:1**

TIERING UP

- Earnings and profits, **20:2, 20:3, 20:6, 20:15, 20:16**
- Investment adjustments, **18:7**

TIMBER

- Consolidated computations, themes of single entity and multiple entities, **7:4**

TIME OR TIMING

- Accounting period. See index heading ACCOUNTING
- Deferral or postponement. See index heading DEFERRAL OR POSTPONEMENT
- Effective date. See index heading EFFECTIVE DATE
- Exercise of consolidated return privilege, filing return, **24:1**
- Income includible in consolidated returns. See index heading INCOME INCLUDIBLE IN CONSOLIDATED RETURNS
- Intercompany transactions. See index heading INTERCOMPANY TRANSACTIONS
- Investment. See index heading INVESTMENT
- Postponement. See index heading DEFERRAL OR POSTPONEMENT
- Role of regulations, applicable period of regulations, **6:3**
- Statute of limitations. See index heading STATUTE OF LIMITATIONS
- Tax planning. See index heading TAX PLANNING
- Year or years. See index heading YEAR OR YEARS

TONNAGE TAX

- Special taxes and taxpayers, **22:7**

TORT LIABILITY LOSSES

- Net operating losses, special status losses, **10:1**

TRADE

- Corporations. See index heading TRADE CORPORATIONS
- Expansion losses, net operating losses, **10:1**
- Publicly traded partnerships, affiliated group, **4:2**

TRADE CORPORATIONS

- China Trade Act corporations. See index heading CHINA TRADE ACT CORPORATIONS
- Pan-American trade corporations, history of consolidated returns, **3:4, 3:5**
- Western Hemisphere trade corporations. See index heading WESTERN HEMISPHERE TRADE CORPORATIONS

TRANSACTIONS

- Continuity of affiliated group, **5:2, 5:3**
- Earnings and profits. See index heading EARNINGS AND PROFITS
- Investment. See index heading INVESTMENT

TRANSFERS

- Net operating losses, assets, **10:1, 10:3**
- Tax planning, characteristics after intercompany transfers, **2:7**

TRANSITION TAX UNDER SECTION 965

- Special taxes and taxpayers, **22:8**

TRANSPORTATION

- Net operating losses of transportation companies, **10:1**
- Tax planning, removal of transportation barriers to handicapped and elderly persons, **2:8**

TREATMENT

- Investment. See index heading INVESTMENT
- Pre-1966 regulations, **1:3**
- Section 338 elections, options, **21:3**
- Tax planning. See index heading TAX PLANNING

TRUSTS

- Affiliated group. See index heading AFFILIATED GROUP
- Real estate investment trusts. See index heading REAL ESTATE INVESTMENT TRUSTS

U

UNDERPAYMENT

- Estimated tax, computation of penalties, **26:2, 26:3**

UNIFIED LOSS RULE

- Generally, **19:1 to 19:36**
- Anti-abuse rule under Regulation section 1.1502-36(g), **19:35**
- Definitions under Regulation section 1.1502-36(f), **19:34**
- Final Regulation section 1.502-36, generally, **19:1**
- Global Intangible Low-Taxed Income (GILTI), **19:36**
- Intercompany transaction, subsidiary stock transferred in an, **19:31**
- Operating rules
 - generally, **19:29 to 19:33**
 - elections—form and content, **19:33**
 - prior transactions that altered the relationship between stock basis and other attributes, **19:30**
 - subsidiary liquidations, **19:32**
 - subsidiary stock transferred in an intercompany transaction, **19:31**
 - successors and predecessors, **19:29**
- Paragraph (b) basis redetermination rules
 - generally, **19:2 to 19:5**
 - effective application of paragraph (b) basis determination, **19:4**
 - mechanics of application, **19:3**
 - prior-use limitation, **19:5**
 - purpose and application, **19:2**
- Paragraph (c) basis reduction rules
 - generally, **19:6 to 19:12**
 - “disconformity amount,” **19:9**

INDEX

UNIFIED LOSS RULE—Cont'd

- Paragraph (c) basis reduction rules—Cont'd
 - formula, application of basis reduction formula, **19:10**
 - lower-tier subsidiaries, special rules for, **19:11**
 - mechanics of application, generally, **19:8 to 19:10**
 - “net positive adjustment,” **19:8**
 - netting rule, **19:12**
 - purpose and applicability, **19:6**
- Paragraph (d) attribute reduction rules
 - generally, **19:13 to 19:28**
 - attribute reduction amount (ARA)
 - Category A, B, and C attributes, allocating the portion of ARA not used to reduce, **19:18**
 - determining net inside attribution amount and attribute reduction amount, **19:17**
 - stock owned in a lower-tier subsidiary, allocating the ARA to individual shares of stock, **19:19**
 - tiering down the ARA allocated to shares in lower-tier subsidiaries, **19:20**
 - “conforming limitation on reduction of lower-tier subsidiary attributes” rule, **19:21**
 - elections to reduce potential for loss duplication (“(d)(6) election”)
 - generally, **19:23 to 19:28**
 - limits on reattribution, **19:25**
 - planning considerations, **19:27**
 - timing and order of application, **19:26**
 - worthless stock deductions, **19:28**
 - lower-tier subsidiaries, special rule for subsidiaries with, **19:16**
 - mechanics and application, **19:14**
 - purpose and applicability, **19:13**
 - “stock basis restoration” rule, **19:22**
 - timing of attribute reduction, **19:15**
- Prior transactions that altered the relationship between stock basis and other attributes, **19:30**
- Subsidiary liquidations, **19:32**
- Subsidiary that owns a CFC, **19:36**
- Successors and predecessors, **19:29**
- Worthless stock deductions, Paragraph (d) attribute reduction rules, **19:28**

UNINCORPORATED ASSOCIATIONS

- Affiliated group, **4:1, 4:2**

UNITED STATES POSSESSIONS CORPORATIONS

- Affiliated group, **4:2**

UNREALIZED BUILT-IN GAINS AND LOSSES

- Net operating losses, **10:4, 10:7**
- Section 382 limitation, **12:22**

UNRELATED BUSINESS TAXABLE INCOME

- Generally, **22:6**

UNUSED CREDITS

- Foreign tax credit, carrybacks and carryforwards, **17:2**
- General business credit, carrybacks and carryforwards, **16:2**

UPSTREAM MERGERS

- Continuity of affiliated group, when group remains in existence, **5:2**

USE

- History of consolidated returns, penalty tax on use of multiple surtax exemptions, **3:6**

UTILITIES

- See index heading PUBLIC UTILITIES

V

VALIDITY OR INVALIDITY

- Continued consolidated filing requirement, **25:1**
- Regulations, **6:2**

VALUE

- Affiliated group, dual tests for affiliation, **4:5 to 4:7**
- Decline in value of assets. See index heading DECLINE IN VALUE OF ASSETS

VIRGIN ISLANDS ORGANIC ACT

- Affiliated group, United States possessions corporations, **4:2**

VOTING POWER

- Affiliated group, dual tests for affiliation, **4:5, 4:6, 4:8**

W

WAITING PERIOD

- Affiliated group, consolidation after deconsolidation, **4:4**

WAIVER

- Intercompany transactions, **15:11**
- Statute of limitations, **5:2, 27:3**
- Waiting period, consolidation after deconsolidation, **4:4**

WESTERN HEMISPHERE TRADE CORPORATIONS

- Deductions, **8:4**

**WESTERN HEMISPHERE TRADE
CORPORATIONS—Cont'd**

History of consolidated returns, **3:5, 3:6, 3:8**

WITHDRAWAL OF RETURN

Exercise of consolidated return privilege, **24:1**

WORDS AND PHRASES

Affiliated group, **4:1**

Built-in deduction, **11:2**

Built-in loss, **11:1**

Consolidated income tax return, **1:1**

Excess loss accounts, **18:18**

Includible corporation, **4:2**

Intercompany obligation, **15:2**

Marketable securities, **11:2**

Preferred stock, **18:14**

Tax-exempt income, **18:4**

Unified loss rule, Regulation section 1.1502-36(f),
19:34

WORK INCENTIVE PROGRAM CREDIT

General business credit, consolidated computation,
16:1

Y

YEAR OR YEARS

Consolidated return years. See index heading

CONSOLIDATED RETURN YEARS

Net operating losses. See index heading NET OPERAT-
ING LOSSES

Subsequent years. See index heading SUBSEQUENT
YEARS

Taxable year. See index heading TAXABLE YEAR

Z

ZERO BASIS PROBLEM

Intercompany transactions, **14:20**