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corporation to which the claim relates was filed.

(d) *Effect on dividends paid deduction.* A deficiency dividend paid by the acquiring corporation that is allowable as a deduction to a distributor or transferor corporation pursuant to section 381(c)(25) shall not become a part of the dividends paid deduction of the acquiring corporation under section 561 for any taxable year.

(e) *Successive transactions to which section 381(a) applies.* The provisions of this section shall apply in the case of successive transactions to which section 381(a) applies. Thus, if X corporation transfers its assets to Y corporation in a transaction to which section 381(a) applies and if Y corporation transfers its assets to Z corporation in a subsequent transaction to which section 381(a) applies, then, subject to the provisions of this section, X corporation may take a deficiency dividend deduction for the amount of deficiency dividends paid by Z corporation with respect to X corporation.

(Sec. 860(1) (92 Stat. 2849, 26 U.S.C. 860(1)); sec. 860(g) (92 Stat. 2850, 26 U.S.C. 860(g)); and sec. 7805 (68A Stat. 917, 26 U.S.C. 7805))

[T.D. 7767, 46 FR 11264, Feb. 6, 1981, as amended by T.D. 7936, 49 FR 2106, Jan. 18, 1984]

§ 1.381(c)(26)-1 Credit for employment of certain new employees.

(a) *Carryovers and carrybacks.* For taxable years beginning before January 1, 1984, the computation of carryovers and carrybacks of unused targeted jobs credit (new jobs credit in the case of wages paid before 1979) under section 44B (as in effect prior to enactment of the Tax Reform Act of 1984) in a transaction to which section 381(a) applies shall be made under the principles of § 1.381(c)(23)-1 (relating to the computation of carryovers and carrybacks of unused investment credit), except that the provisions of paragraph (c)(4) and paragraph (e)(6), (7) and (8) of such section shall not apply.

(b) *Other items.* See § 1.51-1(h) for a rule that applies to certain transfers of a trade or business in which a member of a targeted group is employed.

[T.D. 8062, 50 FR 46003, Nov. 6, 1985]

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§ 1.381(d)-1 Operations loss carryovers of life insurance companies.

For the application of part V, subchapter C, chapter 1 of the Code to operations loss carryovers of life insurance companies, see section 812(f) and § 1.812-7 and section 381(c)(22) and § 1.381(c)(22)-1.

[T.D. 6625, 27 FR 12543, Dec. 19, 1962]

§ 1.382-1 Table of contents.

This section lists the captions that appear in the regulations for §§ 1.382-1T, 1.382-2, 1.382-2T, and 1.382-3 through 1.382-11.

§ 1.382-1T [Reserved]

§ 1.382-2 *General rules for ownership change.*

(a) Certain definitions for purposes of sections 382 and 383 and the regulations thereunder.

(1) Loss corporation.

(i) In general.

(ii) Distributor of transferor loss corporation in a transaction under section 381.

(iii) Separate accounting required for losses and credits of an acquiring corporation and a distributor or transferor loss corporation.

(iv) End of separate accounting for losses and credits of distributor or transferor corporation.

(v) Application to other successor corporations.

(2) Pre-change loss.

(3) Stock.

(i) In general.

(ii) Convertible stock.

(4) Testing date.

(i) In general.

(ii) Exceptions.

(5) Successor corporation.

(6) Predecessor corporation.

(b) Effective dates.

(1) In general. [Reserved]

(2) Rules provided in paragraph (a)(3)(ii) of this section.

(i) In general.

(ii) Certain convertible preferred stock.

(3) Rules provided in paragraph (a)(4) of this section.

§ 1.382-2T *Definition of ownership change under section 382, as amended by the Tax Reform Act of 1986 (temporary).*

(a) *Ownership change.* (1) In general.

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(i) Testing dates prior to November 5, 1992.

(ii) [Reserved]

(iii) Records to be maintained by loss corporation.

(A) Exception.

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- (B) Statement with respect to prior periods.
- (b) *Nomenclature and assumptions.*
- (c) *Computing the amount of increases in percentage ownership.* (1) In general.
- (2) Example.
- (3) Related and unrelated increases in percentage stock ownership.
- (4) Example.
- (d) *Testing period.* (1) In general.
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- (3) Commencement of the testing period.
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- (4) Disregarding testing dates.
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- (ii) Transactions designated under section 382(g)(3)(B) treated as equity structure shifts.
- (iii) Overlap of owner shift and equity structure shift.
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- (10) 5-percent owner.
- (11) Public shareholder.
- (12) Public owner.
- (13) Public group.
- (14) Higher tier entity.
- (15) Indirect ownership interest.
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- (23) Unrelated.
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- (ii) Example.
- (h) *Constructive ownership of stock.* (1) In general.
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- (i) In general.
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- (iii) Limitation on attribution from certain entities.
- (iv) Examples.
- (3) Attribution to corporations, partnerships, estates and trusts.
- (4) Option attribution.
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- (v) Interests that are similar to options.
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- (D) Options exercisable only upon death, disability or mental incompetency.
- (E) Right to receive or obligation to issue stock as interest or dividends.
- (F) Options outstanding following an ownership change.
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- (2) Example.
- (G) Right to acquire loss corporation stock pursuant to a default under loan agreement.
- (H) Agreement to acquire or sell stock owned by certain shareholders upon retirement.
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- (J) Title 11 of similar case.
- (K)-(Y) [Reserved]
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- (5) Stock transferred under certain agreements.
- (6) Family attribution.
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- (j) *Aggregation and segregation rules.* (1) Aggregation of public shareholders and public owners into public groups.
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- (k) *Operating rules.* (1) Presumptions regarding stock ownership.
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 - (ii) Statements under penalties of perjury.
 - (2) Actual knowledge regarding stock ownership.
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 - (4) Ownership interests structured to avoid the section 382 limitation.
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 - (6) First tier entity or higher tier entity that is a foreign corporation or entity. [Reserved]
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 - (vii) Rules provided in paragraph (a)(2)(i) of this section.
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 - (ii) Example.
 - (6) Transactions of domestic building and loan associations.
 - (7) Transactions not subject to section 382.
 - (i) Application of old section 382.
 - (ii) Effect on testing period.
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- § 1.382-3 *Definitions and rules relating to a 5-percent shareholder.*
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 - (iii) Effective date.
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 - (1) [Reserved]
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 - (7) Safe harbors.
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- (A) In general.
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- (C) Time and manner of making the election.
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- (b) Computation of value.
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- (d) Successive ownership changes and absorption of a section 382 limitation.
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 - (3) Effective date.
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§ 1.382-6 Allocation of income and loss to periods before and after the change date for purposes of section 382.

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 - (2) Making the closing-of-the-books election.
 - (i) Time and manner.
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- (f) Examples.
- (g) Definitions and nomenclature.
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§ 1.382-7 Built-in gains and losses. [Reserved]

§ 1.382-8 Controlled groups.

- (a) Introduction.
- (b) Controlled group loss and controlled group with respect to a controlled group loss.
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- (1) Reduction in value by the amount restored.
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 - (i) Filing by loss corporation.
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 - (iii) Agreement.
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 - (ii) Special transition rules for controlled groups that had ownership changes before January 29, 1991.
 - (3) Amended returns.
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§ 1.382-9 Special rules under section 382 for corporations under the jurisdiction of a court in a title 11 or similar case.

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- (b) Application of section 382(1)(5).
- (c) [Reserved]
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 - (1) Qualified creditor.
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 - (i) Definition.
 - (ii) Determination of beneficial ownership.
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 - (iv) Ordinary course indebtedness.
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 - (i) In general.
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- (iv) Example.
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 - (iv) Debt-for-debt exchanges.
- (6) Effective date.
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 - (ii) Elections and amended returns.
 - (A) Election to apply this paragraph (d) retroactively.
 - (B) Election to revoke section 382(1)(5)(H) election.
 - (C) Amended returns.
 - (e) Option attribution for purposes of determining stock ownership under section 382(1)(5)(A)(ii).
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 - (2) Special rules.
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 - (iii) Amended returns.
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 - (4) Effective dates.
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 - (ii) Special rule for interest or dividends.
 - (f)-(h) [Reserved]
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 - (j) Value of the loss corporation in an ownership change to which section 382(1)(6) applies.
 - (k) Rules for determining the value of the stock of the loss corporation.
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 - (5) Coordination with section 382(1)(4).
 - (m) Continuity of business requirement.
 - (1) Under section 382(1)(5).
 - (2) Under section 382(1)(6).
 - (n) Ownership change in a title 11 or similar case succeeded by another ownership change within two years.

(1) Section 382(1)(5) applies to the first ownership change.

(2) Section 382(1)(6) applies to the first ownership change.

(o) Options not subject to attribution.

(p) Effective date for rules relating to section 382(1)(6).

(1) In general.

(2) Ownership change to which section 382(1)(6) applies occurring before March 17, 1994.

§ 1.382-10 Special rules for determining time and manner of acquisition of an interest in a loss corporation.

§ 1.382-11 Reporting requirements.

(a) Information statement required.

(b) Effective/applicability date.

[T.D. 8149, 52 FR 29674, Aug. 11, 1987. Redesignated by T.D. 8440, 57 FR 45711, Oct. 5, 1992]

EDITORIAL NOTE: For FEDERAL REGISTER citations affecting § 1.382-1, see the List of CFR Sections Affected, which appears in the Finding Aids section of the printed volume and on GPO Access.

§ 1.382-1T [Reserved]

§ 1.382-2 General rules for ownership change.

(a) *Certain definitions for purposes of sections 382 and 383 and the regulations thereunder.* The following definitions apply for purposes of sections 382 and 383 and the regulations thereunder.

(1) *Loss corporation*—(i) *In general.* The term *loss corporation* means a corporation which—

(A) Is entitled to use a net operating loss carryforward, a capital loss carryover, a carryover of excess foreign taxes under section 904(c), a carryforward of a general business credit under section 39, or a carryover of a minimum tax credit under section 53,

(B) For the taxable year that includes a testing date, as defined in paragraph (a)(4) of this section or § 1.382-2T(a)(2)(i), whichever is applicable (determined for purposes of this paragraph (a)(1) without regard to whether the corporation is a loss corporation), has a net operating loss, a net capital loss, excess foreign taxes under section 904(c), unused general business credits under section 38, or an unused minimum tax credit under section 53, or