§ 1.1502–79A Separate return years generally applicable for consolidated return years beginning before January 1, 1997

(a) Carryover and carryback of consolidated net operating losses to separate return years—(1) In general. (i) If a consolidated net operating loss can be carried under the principles of section 172(b) and paragraph (b) of § 1.1502–21A to a separate return year of a corporation (or could have been so carried if such corporation were in existence) which was a member in the year in which such loss arose, then the portion of such consolidated net operating loss attributable to such corporation (as determined under subparagraph (3) of this paragraph) shall be apportioned to such corporation (and any successor to such corporation in a transaction to which section 381(a) applies) and shall be a net operating loss carryover or carryback to such separate return year; accordingly, such portion shall not be included in the consolidated net operating loss carryovers or carrybacks to the equivalent consolidated return year of the group (or, if such equivalent year is a separate return year, then to such separate return year), provided that such member was a member of the group immediately after its organization.

(ii) If a corporation ceases to be a member during a consolidated return year, any consolidated net operating loss carryover from a prior taxable year must first be carried to such consolidated return year, notwithstanding that all or a portion of the consolidated net operating loss giving rise to the carryover is attributable to the corporation which ceases to be a member. To the extent not absorbed in such consolidated return year, the portion of the consolidated net operating loss attributable to the corporation ceasing to be a member shall then be carried to such corporation’s first separate return year.

(ii) For rules permitting the re-attribution of losses of a subsidiary to the common parent in the case of loss disallowance or basis reduction on the disposition or deconsolidation of stock of the subsidiary, see § 1.1502–20.

(2) Nonapportionment to certain members not in existence. Notwithstanding subparagraph (1) of this paragraph, the portion of a consolidated net operating loss attributable to a member shall not be apportioned to a prior separate return year for which such member was not in existence and shall be included in the consolidated net operating loss carrybacks to the equivalent consolidated return year of the group (or, if such equivalent year is a separate return year, then to such separate return year), provided that such member was a member of the group immediately after its organization.

(3) Portion of consolidated net operating loss attributable to a member. The portion of a consolidated net operating loss attributable to a member of a group is an amount equal to the consolidated net operating loss multiplied by a fraction, the numerator of which is the separate net operating loss of such corporation, and the denominator of which is the sum of the separate net operating losses of all members of the group in such year having such losses. For purposes of this subparagraph, the separate net operating loss of a member of the group shall be determined under § 1.1502–12 (except that no deduction shall be allowed under section 242) adjusted for the following items taken into account in the computation of the consolidated net operating loss:

(i) The portion of the consolidated dividends received deduction, the consolidated charitable contributions deductions, and the consolidated section 247 deduction, attributable to such member;

(ii) Such member’s capital gain net income (net capital gain for taxable years beginning before January 1, 1977) (determined without regard to any net capital loss carryover attributable to such member);

(iii) Such member’s net capital loss and section 1231 net loss, reduced by the portion of the consolidated net capital loss attributable to such member;
(as determined under paragraph (b)(2) of this section); and

(iv) The portion of any consolidated net capital loss carryover attributable to such member which is absorbed in the taxable year.

(4) Examples. The provisions of this paragraph may be illustrated by the following examples:


(ii) P, S, and T join in the filing of a consolidated return for 1968, which return reflects a consolidated net operating loss of $11,000. $2,000 of such consolidated net operating loss is attributable to P, $3,000 to S, and $6,000 to T. Such apportionment of the consolidated net operating loss was made on the basis of the separate net operating losses of each member as determined under subparagraph (3) of this paragraph.

(iii) $5,000 of the 1968 consolidated net operating loss can be carried back to P’s separate return for 1966. Such amount is the portion of the consolidated net operating loss attributable to P and S. Even though S was not in existence in 1966, the portion attributable to S can be carried back to P’s separate return year, since S (unlike T) was a member of the group immediately after its organization. The 1968 consolidated net operating loss can be carried back against the group’s income in 1967 except to the extent (i.e., $6,000) that it is apportioned to T for its 1967 separate return year and to the extent that it was absorbed in P’s 1966 separate return year. The portion of the 1968 consolidated net operating loss attributable to T ($6,000) is a net operating loss carryback to its 1967 separate return.

Example 2. (i) Assume the same facts as in example (1). Assume further that on June 15, 1969, P sells all the stock of T to an outsider, that P and S file a consolidated return for 1969 (which includes the income of T for the period January 1 through June 15), and that T files a separate return for the period June 16 through December 31, 1969.

(ii) The 1968 consolidated net operating loss, to the extent not absorbed in prior years, must first be carried to the consolidated return year 1968. Any portion of the $6,000 amount attributable to T which is not absorbed in T’s 1967 separate return year or in the 1969 consolidated return year shall then be carried to T’s separate return year ending December 31, 1969.
§ 1.1502–90A

REGULATIONS APPLYING SECTION 382 WITH RESPECT TO TESTING DATES (AND CORPORATIONS JOINING OR LEAVING CONSOLIDATED GROUPS) BEFORE JUNE 25, 1999

§ 1.1502–90A Table of contents.

The following list contains the major headings in §§1.1502–91A through 1.1502–99A:


(a) Determination and effect of an ownership change.
(1) In general.
(2) Special rule for post-change year that includes the change date.
(3) Cross reference.
(b) Definitions and nomenclature.
(c) Loss group.
(1) Defined.
(2) Coordination with rule that ends separate tracking.
(3) Example.
(d) Loss subgroup.
(1) Net operating loss carryovers.
(2) Net unrealized built-in loss.
(3) Loss subgroup parent.
(4) Principal purpose of avoiding a limitation.
(5) Special rules.
(6) Examples.
(e) Pre-change consolidated attribute.
(1) Defined.
(2) Example.
(f) Pre-change subgroup attribute.
(1) Defined.
(2) Example.
(g) Net unrealized built-in gain and loss.
(1) In general.
(2) Members included.
(i) Consolidated group.
(ii) Loss subgroup.
(3) Acquisitions of built-in gain or loss assets.
(4) Indirect ownership.
(h) Recognized built-in gain or loss.
(1) In general. [Reserved]
(2) Disposition of stock or an intercompany obligation of a member.
(3) Deferred gain or loss.
(4) Exchanged basis property.
(i) [Reserved]
(j) Predecessor and successor corporations.

§ 1.1502–92A Ownership change of a loss group or a loss subgroup generally applicable for testing dates before June 25, 1999.

(a) Scope.
(b) Determination of an ownership change.
(1) Parent change method.
(2) Examples.
(3) Special adjustments.
(1) Common parent succeeded by a new common parent.
(2) Newly created loss subgroup parent.
(iii) Examples.
(4) End of separate tracking of certain losses.
(c) Supplemental rules for determining ownership change.
(1) Scope.
(2) Cause for applying supplemental rule.
(3) Operating rules.
(4) Supplemental ownership change rules.
(i) Additional testing dates for the common parent (or loss subgroup parent).
(ii) Treatment of subsidiary stock as stock of the common parent (or loss subgroup parent).
(iii) 5-percent shareholder of the common parent (or loss subgroup parent).
(iv) Examples.
(d) Testing period following ownership change under this section.
(e) Information statements.
(1) Common parent of a loss group.
(2) Abbreviated statement with respect to loss subgroups.

§ 1.1502–93A Consolidated section 382 limitation (or subgroup section 382 limitation) generally applicable for testing dates before June 25, 1999.

(a) Determination of the consolidated section 382 limitation (or subgroup section 382 limitation).
(1) In general.
(2) Coordination with apportionment rule.
(b) Value of the loss group (or loss subgroup).
(1) Stock value immediately before ownership change.
(2) Adjustment to value.
(3) Examples.
(e) Recognized built-in gain of a loss group or loss subgroup.
(d) Continuity of business.
(1) In general.
(2) Example.
(e) Limitations of losses under other rules.

§ 1.1502–94A Coordination with section 382 and the regulations thereunder when a corporation becomes a member of a consolidated group generally applicable for corporations becoming members of a group before June 25, 1999.

(a) Scope.
(1) In general.
(2) Successor corporation as new loss member.
(3) Coordination in the case of a loss subgroup.
(4) End of separate tracking of certain losses.
(b) Application of section 382 to a new loss member.
(1) In general.
(2) Adjustment to value.
(3) Pre-change separate attribute defined.
(4) Examples.
(c) Built-in gains and losses.