

the taxpayer, after the transfer, elects the application of principles similar to the principles of section 367.

(c) Penalty

In the case of any failure to file a return required by the Secretary with respect to any transfer described in section 1491, the person required to file such return shall be liable for the penalties provided in section 6677 in the same manner as if such failure were a failure to file a notice under section 6048(a).

(Aug. 16, 1954, ch. 736, 68A Stat. 365; Oct. 4, 1976, Pub. L. 94-455, title XIX, §1906 (b)(13)(A), 90 Stat. 1834; July 18, 1984, Pub. L. 98-369, div. A, title I, §131(f)(2), 98 Stat. 665; Aug. 20, 1996, Pub. L. 104-188, title I, §1902(a), 110 Stat. 1909.)

AMENDMENTS

1996—Subsec. (c). Pub. L. 104-188 added subsec. (c).
 1984—Subsec. (b). Pub. L. 98-369 substituted “the taxpayer, after the transfer, elects the application of principles similar to the principles of section 367” for “after the transfer it has been established to the satisfaction of the Secretary that such transfer was not in pursuance of a plan having as one of its principal purposes the avoidance of Federal income taxes”.
 1976—Subsecs. (a), (b). Pub. L. 94-455 struck out “or his delegate” after “Secretary”.

EFFECTIVE DATE OF 1996 AMENDMENT

Section 1902(b) of Pub. L. 104-188 provided that: “The amendment made by subsection (a) [amending this section] shall apply to transfers after the date of the enactment of this Act [Aug. 20, 1996].”

EFFECTIVE DATE OF 1984 AMENDMENT

Amendment by Pub. L. 98-369 applicable to transfers or exchanges after Dec. 31, 1984, in taxable years ending after such date, with special rules for certain transfers and ruling requests before Mar. 1, 1984, see section 131(g) of Pub. L. 98-369, set out as a note under section 367 of this title.

CROSS REFERENCES

Confidentiality and disclosure of returns and return information, see section 6103 of this title.

SECTION REFERRED TO IN OTHER SECTIONS

This section is referred to in section 6422 of this title.

CHAPTER 6—CONSOLIDATED RETURNS

Subchapter	Sec.1
A. Returns and Payment of Tax	1501
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CHAPTER REFERRED TO IN OTHER SECTIONS

This chapter is referred to in sections 953, 6012, 6103, 7851 of this title.

Subchapter A—Returns and Payment of Tax

Sec.	
1501.	Privilege to file consolidated returns.
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§ 1501. Privilege to file consolidated returns

An affiliated group of corporations shall, subject to the provisions of this chapter, have the privilege of making a consolidated return with

¹ Section numbers editorially supplied.

privilege of making a consolidated return with respect to the income tax imposed by chapter 1 for the taxable year in lieu of separate returns. The making of a consolidated return shall be upon the condition that all corporations which at any time during the taxable year have been members of the affiliated group consent to all the consolidated return regulations prescribed under section 1502 prior to the last day prescribed by law for the filing of such return. The making of a consolidated return shall be considered as such consent. In the case of a corporation which is a member of the affiliated group for a fractional part of the year, the consolidated return shall include the income of such corporation for such part of the year as it is a member of the affiliated group.

(Aug. 16, 1954, ch. 736, 68A Stat. 367.)

CROSS REFERENCES

Definition of personal holding company, see section 542 of this title.

SECTION REFERRED TO IN OTHER SECTIONS

This section is referred to in sections 172, 542, 818, 832, 963, 1092, 7701 of this title.

§ 1502. Regulations

The Secretary shall prescribe such regulations as he may deem necessary in order that the tax liability of any affiliated group of corporations making a consolidated return and of each corporation in the group, both during and after the period of affiliation, may be returned, determined, computed, assessed, collected, and adjusted, in such manner as clearly to reflect the income-tax liability and the various factors necessary for the determination of such liability, and in order to prevent avoidance of such tax liability.

(Aug. 16, 1954, ch. 736, 68A Stat. 367; Oct. 4, 1976, Pub. L. 94-455, title XIX, §1906(b) (13)(A), 90 Stat. 1834.)

AMENDMENTS

1976—Pub. L. 94-455 struck out “or his delegate” after “Secretary”.

DUAL RESIDENT COMPANIES

Pub. L. 100-647, title VI, §6126, Nov. 10, 1988, 102 Stat. 3713, provided that:

“(a) GENERAL RULE.—In the case of a transaction which—

“(1) involves the transfer after the date of the enactment of this Act [Nov. 10, 1988] by a domestic corporation, with respect to which there is a qualified excess loss account, of its assets and liabilities to a foreign corporation in exchange for all of the stock of such foreign corporation, followed by the complete liquidation of the domestic corporation into the common parent, and

“(2) qualifies, pursuant to Revenue Ruling 87-27, as a reorganization which is described in section 368(a)(1)(F) of the 1986 Code, then, solely for purposes of applying Treasury Regulation section 1.1502-19 to such qualified excess loss account, such foreign corporation shall be treated as a domestic corporation in determining whether such foreign corporation is a member of the affiliated group of the common parent.

“(b) TREATMENT OF INCOME OF NEW FOREIGN CORPORATION.—

“(1) IN GENERAL.—In any case to which subsection (a) applies, for purposes of the 1986 Code—