

Consolidated Returns, Limitations on the Use of Certain Losses and Deductions; Correction

Announcement 99-86

AGENCY: Internal Revenue Service (IRS), Treasury.

ACTION: Correction to final regulations.

SUMMARY: This document contains corrections to T.D. 8823, 1999-29 I.R.B. 34, which were published in the **Federal Register** on Friday, July 2, 1999, (64 F.R. 36092), relating to consolidated returns and limitations on the use of certain losses and deductions.

DATES: This correction is effective July 2, 1999.

FOR FURTHER INFORMATION CONTACT: Jeffrey L. Vogel or Marie Milnes-Vasquez at (202) 622-7770 (not a toll-free number).

SUPPLEMENTARY INFORMATION:

Background

The final regulations that are subject to these corrections are under section 1502 of the Internal Revenue Code.

Need for Correction

As published, final regulations (T.D. 8823, 1999-29 I.R.B. 34) contains errors that may prove to be misleading and are in need of clarification.

Correction of Publication

Accordingly, the publication of the final regulations (T.D. 8823), which were the subject of F.R. Doc. 99-16161, is corrected as follows:

1. On page 36095, column 3, in the preamble under the heading, Built-in Losses, line 2 from the bottom of the paragraph, the language “latter or the SRLY event or section 382” is corrected to read “latter of the SRLY event or section 382”.

§1.1502-15 [Corrected]

2. On page 36103, column 1, §1.1502-15(d), paragraph (i) of *Example 3.*, line 3,

the language “M are each common parents of a” is corrected to read “M are each the common parent of a”.

3. On page 36103, column 3, §1.1502-15(d), paragraph (vii) of *Example 4.*, lines 6 and 7, the language “determining the SRLY limitation for these additional losses in Year 4 (or any)” is corrected to read “determining the SRLY limitation for this additional loss in Year 4 (or any)”.

4 & 5. On page 36104, column 3, §1.1502-15 paragraph (g)(4)(i) and (g)(4)(ii) are corrected to read as follows:

§1.1502-15 SRLY limitation on built-in losses.

* * * * *

(g) * * *

(4) * * *

(i) All members of the SRLY subgroup with respect to those built-in losses are also included in a loss subgroup (as defined in §1.1502-91(d)(2)); and

(ii) All members of a loss subgroup (as defined in §1.1502-91(d)(2)) are also members of a SRLY subgroup with respect to those built-in losses.

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6. On page 36105, column 1, §1.1502-15(g)(6), paragraph (v) of *Example 1.*, the last line in the paragraph, the language “and the application of the section 382.” is corrected to read “and the application of section 82.”.

7. On page 36105, column 1, §1.1502-15(g)(6), paragraph (ix) of *Example 1.*, the last line in the paragraph, the language “recognized with the recognition period.” is corrected to read “recognized within the recognition period.”.

§1.1502-21 [Corrected]

8. On page 36109, column 2, §1.1502-21(c)(2), line 13 from the bottom of the introductory text, the language “(the former group), or for a carryover” is corrected to read “(the former group), whether or not the group is a consolidated group, or for a carryover”.

9. On page 36110, column 1, §1.1502-21(c)(2)(viii), paragraph (i) of *Example 1.*, lines 2 and 3, the language “S, T and M. P and M are each common parents of a consolidated group. During Year” is corrected to read “S, T, and M. P and M

are each the common parent of a consolidated group. During Year”.

10. On page 36110, column 3, §1.1502-21(c)(2)(viii), paragraph (i) of *Example 2.*, lines 2 and 3, the language “of the stock of S, T, P and M. P and M are each common parents of a consolidated” is corrected to read “of the stock of S, T, P, and M. P and M are each the common parent of a consolidated”.

11. On page 36111, column 1, §1.1502-21(c)(2)(viii), paragraph (i) of *Example 3.*, lines 2 and 3, the language “the stock of S, T, P and M. S, P and M are each common parents of a consolidated” is corrected to read “the stock of S, T, P, and M. S, P, and M are each the common parent of a consolidated”.

12. On page 36112, column 3, §1.1502-21(g)(5), paragraph (i) of *Example 4.*, line 3, the language “for 6 years. For Year 6, T has an net operating” is corrected to read “for 6 years. For Year 6, T has a net operating”.

13. On page 36112, column 3, §1.1502-21(g)(5), paragraph (i) of *Example 5.*, line 5, the language “unrelated to A, owns all of the stock of P, the” is corrected to read “unrelated to Individual A, owns all of the stock of P, the”.

14. On page 36113, column 3, §1.1502-21(g)(5), paragraph (i) of *Example 9.*, line 11, the language “Individual A. On January 1 of Year 3, M” is corrected to read “Individual A. On December 31 of Year 2, M”.

15. On page 36113, column 3, §1.1502-21(g)(5), paragraph (iii) of *Example 9.*, lines 1 through 3, the language “M’s January 1 purchase of 51% of P is a section 382 event because it results in an ownership change of S and T that gives rise” is corrected to read “M’s December 31 purchase of 51% of P is a section 382 event because it results in an ownership change of the S loss subgroup that gives rise”.

16. On page 36113, column 3, §1.1502-21(g)(5), paragraph (v) of *Example 9.*, lines 1 through 3, the language “Because the SRLY event and the change date of the section 382 event occur on the same date and the SRLY subgroup and loss” is corrected to read “Because the SRLY event occurred within six months of the change date of the section 382 event and the SRLY subgroup and loss”.

§1.1502-23 [Corrected]

17. On page 36116, column 1, §1.1502-23(d)(1), second line from the bottom of the paragraph, the language “consolidated return is taxable years is” is corrected to read “consolidated return is”.

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