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Corporation Business Tax

Sec. 12-223a-1. Combined tax

(a) There shall be added to the combined tax an amount equal to the number of companies included in such combined return less one, multiplied by two hundred fifty dollars.

(b) The sum computed under subsection (a) shall not be less than an amount equal to the number of companies included in such combined return, multiplied by two hundred fifty dollars.

(Effective July 21, 1982)

Sec. 12-223a-2. Combined operating loss

(a) A “combined operating loss” exists in an income year (the combined loss year) in which the companies included in a combined return have a combined entire net loss (i.e., the sum of the entire net loss or, if applicable, the entire net income of each company included in such combined return is less than zero).

(b) The portion of a combined operating loss which may be deducted as a combined operating loss carryover in any of the five income years next succeeding the combined loss year shall be limited to the lesser of the following:

(1) the combined entire net income (i.e., the sum, if greater than zero, of the entire net income or, if applicable, the entire net loss of each company included in such combined return) of the succeeding income year in which such deduction is sought to be allowed, or

(2) the excess, if any, of such combined operating loss over the aggregate amount of the combined entire net income for any preceding income year succeeding such combined loss year, such combined entire net income of such preceding tax years being—

(A) computed for such purposes without regard to any combined operating loss carryover allowed from such combined loss year;

(B) computed for such purposes with regard to any operating loss carryover allowed from a loss year (preceding such combined loss year) to a company not included in a combined return in such loss year; and

(C) regarded for such purposes as not less than zero.

(c) The combined operating loss of any combined loss year shall be deducted in any of the five succeeding years, to the extent available therefor, before the combined operating loss of any succeeding combined loss year is deducted.

(d) The combined operating loss carryover provisions are applicable only to companies which were included in the same combined return made for, and subject to the tax imposed under chapter 208 in, the combined loss year.

(e) The operating loss of a company included in a combined return attributable to a loss year preceding the inclusion of such company in such combined return shall be deductible as an operating loss carryover in each of the five income years next succeeding such loss year. To the extent that any portion of such operating loss is so deducted, the entire net income of such company shall likewise be reduced for purposes of determining—

(1) whether a combined entire net income or a combined entire net loss exists with respect to such combined return made for an income year succeeding such loss year; and

(2) whether any portion of a combined operating loss may be deducted as a combined operating loss carryover therefrom.

Example:

Company A files a separate return in Year One (a loss year) and Year Two. Company A is included in a combined return with Companies B and C in Year Three, Year Four (a combined loss year), Year Five and Year Six.

	<i>Company A</i>		<i>Company B</i>	<i>Company C</i>	Combined Entire	
	Entire Net				Net Income or (Loss)	
	Income or (Loss)				A, B & C	
	Before	After			Before	After
	Carryover	Carryover			Combined	Combined
	Deduction	Deduction			Carryover	Carryover
Year 1:	(100)	—	15	25	40	—
Year 2:	20	0	5	30	35	—
* * * * *						
Year 3:	7	0	12	16	28	—
Year 4:	43	0	(53)	17	(36)	—
Year 5:	29	0	8	14	22	0
Year 6:	9	8	31	(12)	27	13

(f) Any company included in a combined return made for a combined loss year shall, in any of the five income years succeeding such combined loss year for which it is not included in such combined return, deduct a portion of such combined operating loss carryover not exhausted by the combined entire net income of any of such five succeeding years, provided—

- (1) such company had an entire net loss in such combined loss year; and
- (2) such company shall only deduct that portion of such unexhausted combined operating loss carryover which the entire net loss of such company in such combined loss year bore to the combined entire net loss of such year.

Example:

Company A is included in a combined return with Companies B and C in Year One, Year Two (a combined loss year), Year Three and Year Four. Company A, B and C are not included in such combined return in Year Five, Year Six and Year Seven.

	<i>Company A</i>		<i>Company B</i>	<i>Company C</i>	Combined Entire		
	Entire Net				Net Income or (Loss)		
	Income or (Loss)				A, B & C		
	Before	After			Before	After	
	Carryover	Carryover			Carryover	Carryover	
	Deduction	Deduction			Deduction	Deduction	
Year 1:	12	—	26	(10)	—	28	—
Year 2:	(40)	—	27	(20)	—	(33)	—
Year 3:	2	—	23	(13)	—	12	0
Year 4:	3	—	8	(11)	—	0	—
* * * * *							
Year 5:	7	0	15	8	1	—	—
Year 6:	4	0	21	9	—	—	—
Year 7:	5	2	18	0	—	—	—

(Effective July 21, 1982)