

of the ownership change and all subsequent years (an open year), an electing loss corporation must file an amended return for each prior affected year to reflect the elections. If, under the applicable statute of limitations, the loss corporation may not file an amended return for the year of the ownership change or any subsequent year (a closed year), an electing loss corporation must file an amended return for each affected open year to reflect the elections and the section 382 limitation resulting from the ownership change must be appropriately adjusted for the earliest open year (or years) to reflect the difference between the amount of pre-change losses actually used in closed years and the amount of pre-change losses that would have been used in such years applying the rules of paragraphs (j), (k), (l), (m)(2), (n)(2) of this section to the ownership change.

[T.D. 8388, 57 FR 346, Jan. 6, 1992; T.D. 8407, 57 FR 12210, Apr. 9, 1992. Redesignated by T.D. 8440, 57 FR 45712, 45713, Oct. 5, 1992; 57 FR 52827, Nov. 5, 1992; T.D. 8531, 59 FR 12840, Mar. 18, 1994; T.D. 8530, 59 FR 12843, Mar. 18, 1994; T.D. 8529, 59 FR 12846, Mar. 18, 1994]

**§ 1.382-10 [Reserved]**

**§ 1.382-11 Effective dates. [Reserved]**

**§ 1.383-0 Effective date.**

(a) The regulations under section 383 (other than the regulations described in paragraph (b) of this section) reflect the amendments made to sections 382 and 383 by the Tax Reform Act of 1986. See § 1.383-1(j) for effective date rules.

(b) Sections 1.383-1A, 1.383-2A, and 1.383-3A do not reflect the amendments made to sections 382 and 383 by the Tax Reform Act of 1986.

[T.D. 8352, 56 FR 29434, June 27, 1991]

**§ 1.383-1 Special limitations on certain capital losses and excess credits.**

(a) *Outline of topics.* In order to facilitate the use of this section, this paragraph lists the paragraphs, subparagraphs and subdivisions contained in this section.

- (a) Outline of topics.
- (b) In general.
- (c) Definitions.
- (1) Coordination with definitions and nomenclature used in section 382.

- (2) Pre-change capital loss.
- (3) Pre-change credit.
- (4) Pre-change loss.
- (5) Regular tax liability.
- (6) Section 383 credit limitation.
  - (i) Definition.
  - (ii) Example.
  - (d) Limitation on use of pre-change losses and pre-change credits.
    - (1) In general.
    - (2) Ordering rules for utilization of pre-change losses and pre-change credits and for absorption of the section 382 limitation and the section 383 credit limitation.
    - (3) Coordination with other limitations.
      - (i) In general.
      - (ii) Examples.
    - (e) Carryforward of unused section 382 limitation.
      - (1) Computation of carryforward amount.
      - (2) Section 383 credit reduction amount.
      - (3) Computation of section 383 credit reduction amount; illustration using tax rates and brackets in effect for calendar year 1988.
      - (4) Special rules for determining the section 383 credit reduction amount.
        - (i) Ordering rules.
        - (ii) Special rule for credits under section 38(a).
        - (f) Examples.
        - (g) Coordination with section 382 and the regulations thereunder.
        - (h) Alternative minimum tax.
          - (i) [Reserved]
          - (j) Effective date.
          - (k) Transitional rules regarding information statements

(b) *In general.* Under section 383, if an ownership change occurs with respect to a loss corporation, the section 382 limitation and the section 383 credit limitation (as defined in paragraph (c)(6) of this section) for a post-change year shall apply to limit the amount of taxable income and regular tax liability, respectively, that can be offset by pre-change capital losses and pre-change credits of the new loss corporation. The section 383 credit limitation for a post-change year bears a direct relationship to the amount, if any, of the section 382 limitation that remains after taking into account the reduction in the loss corporation's taxable income during a post-change year as a result of its pre-change losses (as defined in paragraph (c)(4) of this section). In general, the section 383 credit limitation is an amount equal to the tax liability of the new loss corporation for the post-change year which is attributable to so much of the corporation's taxable income that would be reduced