

Internal Revenue Service, Treasury

§ 1.1563-1

filed) its income tax return for the short period.

[T.D. 6845, 30 FR 9749, Aug. 5, 1965]

§ 1.1562-7 Extension of statutory periods of limitation.

(a)(1) Under section 1562(g)(1), the statutory period for assessment of any deficiency against a corporation which is a component member of a controlled group of corporations with respect to any taxable year, to the extent such deficiency is attributable to an election under section 1562(a)(1) or a termination by consent under section 1562(c)(1), shall not expire before the expiration of one year after the date such election or termination is made.

(2) Under section 1562(g)(2), the statutory period for allowing or making credit or refund of any overpayment of tax by a corporation which is a component member of a controlled group of corporations with respect to any taxable year, to the extent such overpayment is attributable to an election under section 1562(a)(1) or a termination by consent under section 1562(c)(1), shall not expire before the expiration of one year after the date such election or termination is made.

(b) For purposes of this section, the deficiency or overpayment in tax attributable to an election under section 1562(a)(1) or a termination by consent under section 1562(c)(1) shall be that amount of the increase or decrease in tax over the amount previously determined (as defined in section 1314(a)) for any taxable year which results from the application or nonapplication of section 1562, as the case may be. In determining the amount of such increase or decrease, due regard shall be given to the effect of any change in the amount of the surtax exemption (or the application or nonapplication of the additional tax under section 1562(b)) on credits allowable for any taxable year. Thus, for example, as a result of such change it may be necessary to recompute the amount of the investment credit allowable under section 38 for a taxable year for which the election or termination is effective and for other taxable years affected, or treated as affected, by an investment credit carryback or carryover (as defined in section 46(b)) determined with ref-

erence to the taxable years with respect to which such election or termination is effective.

(c) The provisions of this section shall not be construed to:

(1) Shorten the period within which an assessment of a deficiency may otherwise be made or the credit or refund of an overpayment may otherwise be allowed or made, or

(2) Apply to a deficiency or overpayment for a taxable year if the tax liability for such taxable year has been compromised under section 7122, or is the subject of a closing agreement under section 7121.

[T.D. 6845, 30 FR 9750, Aug. 5, 1965]

§ 1.1563-1 Definition of controlled group of corporations and component members.

(a) *Controlled group of corporations—*

(1) *In general.* For purposes of sections 1561 through 1563 and the regulations thereunder, the term “controlled group of corporations” means any group of corporations which is either a “parent-subsidiary controlled group” (as defined in subparagraph (2) of this paragraph), a “brother-sister controlled group” (as defined in subparagraph (3) of this paragraph), a “combined group” (as defined in subparagraph (4) of this paragraph), or an “insurance group” (as defined in subparagraph (5) of this paragraph). For the exclusion of certain stock for purposes of applying the definitions contained in this paragraph, see section 1563(c) and § 1.1563-2.

(2) *Parent-subsidiary controlled group.*

(i) The term “parent-subsidiary controlled group” means one or more chains of corporations connected through stock ownership with a common parent corporation if:

(a) Stock possessing at least 80 percent of the total combined voting power of all classes of stock entitled to vote or at least 80 percent of the total value of shares of all classes of stock of each of the corporations, except the common parent corporation, is owned (directly and with the application of paragraph (b)(1) of § 1.1563-3, relating to options) by one or more of the other corporations; and

(b) The common parent corporation owns (directly and with the application of paragraph (b)(1) of § 1.1563-3, relating