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Section 1.468A-5 also issued under 26 U.S.C. 468A(e)(5).

Section 1.468B also issued under 26 U.S.C. 461(h) and 468B.

Section 1.468B-0 through 1.468B-5 also issued under 26 U.S.C. 461(h) and 468B.

Section 1.469-1 also issued under 26 U.S.C. 469.

Section 1.469-1T also issued under 26 U.S.C. 469.

Section 1.469-2 also issued under 26 U.S.C. 469(1).

Section 1.469-2T also issued under 26 U.S.C. 469(1).

Section 1.469-3 also issued under 26 U.S.C. 469(1).

Section 1.469-3T also issued under 26 U.S.C. 469(1).

Section 1.469-4 also issued under 26 U.S.C. 469(1).

Section 1.469-5 also issued under 26 U.S.C. 469(1).

Section 1.469-5T also issued under 26 U.S.C. 469(1).

Section 1.469-9 also issued under 26 U.S.C. 469(c)(6), (h)(2), and (1)(1).

Section 1.469-11 also issued under 26 U.S.C. 469(1).

Section 1.471 also issued under 26 U.S.C. 471.

Section 1.471-4 also issued under 26 U.S.C. 263A.

Section 1.471-5 also issued under 26 U.S.C. 263A.

Section 1.472-8 also issued under 26 U.S.C. 472.

Section 1.475(a)-3 also issued under 26 U.S.C. 475(e).

Section 1.475(b)-1 also issued under 26 U.S.C. 475(b)(4) and 26 U.S.C. 475(e).

Section 1.475(b)-2 also issued under 26 U.S.C. 475(b)(2) and 26 U.S.C. 475(e).

Section 1.475(b)-4 also issued under 26 U.S.C. 475(b)(2), 26 U.S.C. 475(e), and 26 U.S.C. 6001.

Section 1.475(c)-1 also issued under 26 U.S.C. 475(e).

Section 1.475(c)-2 also issued under 26 U.S.C. 475(e) and 26 U.S.C. 860G(e).

Section 1.475(d)-1 also issued under 26 U.S.C. 475(e).

Section 1.475(e)-1 also issued under 26 U.S.C. 475(e).

Section 1.481-1 also issued under 26 U.S.C. 481.

Section 1.481-2 also issued under 26 U.S.C. 481.

Section 1.481-3 also issued under 26 U.S.C. 481.

Section 1.481-4 also issued under 26 U.S.C. 481.

Section 1.481-5 also issued under 26 U.S.C. 481.

Section 1.482-1 also issued under 26 U.S.C. 482 and 936.

Section 1.482-2 also issued under 26 U.S.C. 482.

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Section 1.482-3 also issued under 26 U.S.C. 482.

Section 1.482-4 also issued under 26 U.S.C. 482.

Section 1.482-5 also issued under 26 U.S.C. 482.

Section 1.482-7 is also issued under 26 U.S.C. 482.

Section 1.482-2A also issued under 26 U.S.C. 482.

Section 1.483-1 through 1.483-3 also issued under 26 U.S.C. 483(f).

Section 1.483-4 also issued under 26 U.S.C. 483(f).

DEFERRED COMPENSATION, ETC.

ACCOUNTING PERIODS AND METHODS OF ACCOUNTING

ACCOUNTING PERIODS

§ 1.441-1T Period for computation of taxable income (temporary).

(a) *Computation of taxable income.* Taxable income shall be computed and a return shall be made for a period known as the “taxable year.” For rules relating to methods of accounting, the taxable year for which items of gross income are included and deductions are taken, inventories, and adjustments, see parts II and III (section 446 and following), subchapter E, chapter 1 of the Code, and the regulations thereunder.

(b) *Taxable year*—(1) *Definition of taxable year*—(i) *In general.* Except as otherwise provided in this paragraph (b)(1), the term “taxable year” means—

(A) The taxpayer’s annual accounting period if it is a calendar year or a fiscal year; or

(B) The calendar year if section 441(g) (relating to taxpayers who keep no books or have no accounting period) applies. Except as provided in administrative provisions of the Internal Revenue laws, a taxable year may not cover a period of more than 12 calendar months. If a return is made under section 443 for a period of less than 12 months (a “short period”), the taxable year is the short period for which the return is made.

(ii) *Special rules for certain entities.* The general rule provided in paragraph (b)(1)(i) of this section may be modified

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by the Internal Revenue laws or regulations. For example, special rules are provided for the following taxpayers—

(A) In the case of personal service corporations, the applicable rules are contained in §1.441-4T.

(B) In the case of partnerships, the applicable rules are contained in §1.706-1T.

(C) In the case of S corporations, the applicable rules are contained in section 1378.

(D) In the case of members of an affiliated group which makes a consolidated return, the applicable rules are contained in §1.1502-76 and paragraph (d) of §1.442-1.

(E) In the case of trusts, the applicable rules are contained in section 645.

(F) In the case of real estate investment trusts, the applicable rules are contained in section 859.

(G) In the case of real estate mortgage investment conduits, the applicable rules are contained in section 860D(a)(5).

(H) In the case of FSCs or DISCs, the applicable rules are contained in section 441(h).

(2) *Adoption of taxable year.* A new taxpayer adopts a taxable year on or before the time prescribed by law (not including extensions) for the filing of the taxpayer's first return and may adopt, without prior approval, any taxable year that satisfies the requirements of section 441 and this section.

(3) *Change in taxable year—(i) General rule.* After a taxpayer has adopted a taxable year, such year must be used in computing taxable income and making returns for all subsequent years unless prior approval is obtained from the Commissioner to make a change or unless a change is otherwise permitted or required under the Internal Revenue laws or regulations. See section 442 and §1.442-1. Also see paragraph (b)(4) of this section.

(ii) *Change in taxable year required by the Tax Reform Act of 1986.* Procedures for entities (certain personal service corporations, partnerships and S corporations) required to change their taxable year under section 806 of the Tax Reform Act of 1986, Pub. L. 99-514, 100 Stat. 2362, are provided in Rev. Proc. 87-32, 1987-28 I.R.B. 14, or successor revenue procedures.

(4) *Retention of taxable year—(i) In general.* In certain cases, taxpayers will be required under the Internal Revenue laws or regulations to change their taxable year unless they establish a business purpose for retaining their current taxable year. For example, corporations electing to be S corporations, corporations that are personal service corporations for the first time, and certain partnerships with new partners may be required to change their taxable year unless they establish a business purpose for retaining their current taxable year.

(ii) *Section 806 of the Tax Reform Act of 1986.* Rev. Proc. 87-32 provides (and any successor revenue procedure would provide) procedures for certain entities (i.e., personal service corporations, partnerships and S corporations) requesting the Commissioner's approval to retain a fiscal year when such entity would otherwise be required to change its taxable year under section 806 of the Tax Reform Act of 1986. In addition, personal service corporations should see Announcement 87-82, 1987-37 I.R.B. 30, for modifications to Rev. Proc. 87-32 extending the due date for personal service corporations requesting the Commissioner's approval to establish a business purpose.

(c) *Annual accounting period.* The term "annual accounting period" means the annual period (calendar year or fiscal year) on the basis of which the taxpayer regularly computes his income in keeping his books.

(d) *Calendar year.* The term "calendar year" means a period of 12 months ending on December 31. A taxpayer who has not established a fiscal year must make his return on the basis of a calendar year.

(e) *Fiscal year.* (1) The term "fiscal year" means—

(i) A period of 12 months ending on the last day of any month other than December, or

(ii) The 52-53-week annual accounting period, if such period has been elected by the taxpayer.

(2) A fiscal year will be recognized only if it is established as the annual accounting period of the taxpayer and only if the books of the taxpayer are kept in accordance with such fiscal year.

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(f) *Election of year consisting of 52-53 weeks.* For rules relating to the 52-53-week taxable year, see §§ 1.441-2T, 1.441-3T, and 1.441-4T.

(g) *No books kept; no accounting period.* Except as otherwise provided in the Internal Revenue laws or regulations, the taxpayer's taxable year shall be the calendar year if—

- (1) The taxpayer keeps no books;
- (2) The taxpayer does not have an annual accounting period (as defined in section 441(c) and paragraph (c) of this section); or
- (3) The taxpayer has an annual accounting period, but such period does not qualify as a fiscal year (as defined in section 441(e) and paragraph (e) of this section).

For the purposes of paragraph (g)(1) of this section, the keeping of books does not require that records be bound. Records which are sufficient to reflect income adequately and clearly on the basis of an annual accounting period will be regarded as the keeping of books. A taxpayer whose taxable year is required to be a calendar year under section 441(g) and this paragraph (g) may not adopt a fiscal year without obtaining prior approval from the Commissioner. See section 442 and § 1.442-1T(a)(2).

(h) *Effective date.* This section is effective for taxable years beginning after December 31, 1986. See 26 CFR 1.441-1 (revised as of April 1, 1987) for rules applicable to taxable years beginning before January 1, 1987.

(Secs. 860(e), (92 Stat. 2849, 26 U.S.C. 860(e)); sec. 860(g) (92 Stat. 2850, 26 U.S.C. 860(g)); and sec. 7805 (68A Stat. 917, 26 U.S.C. 7805))

[T.D. 6500, 25 FR 11701, Nov. 26, 1960. Redesignated and amended by T.D. 8167, 52 FR 48526, Dec. 23, 1987]

§ 1.441-2T Election of year consisting of 52-53 weeks (temporary).

(a) *General rule.* Section 441(f) provides, in general, that a taxpayer may elect to compute his taxable income on the basis of a fiscal year which—

- (1) Varies from 52 to 53 weeks,
- (2) Ends always on the same day of the week, and
- (3) Ends always on—
 - (i) Whatever date this same day of the week last occurs in a calendar month, or

- (ii) Whatever date this same day of the week falls which is nearest to the last day of the calendar month.

For example, if the taxpayer elects a taxable year ending always on the last Saturday in November, then for the year 1956, the taxable year would end on November 24, 1956. On the other hand, if the taxpayer had elected a taxable year ending always on the Saturday nearest to the end of November, then for the year 1956, the taxable year would end on December 1, 1956. Thus, in the case of a taxable year described in subparagraph (3)(i) of this paragraph, the year will always end within the month and may end on the last day of the month, or as many as six days before the end of the month. In the case of a taxable year described in subparagraph (3)(ii) of this paragraph, the year may end on the last day of the month, or as many as three days before or three days after the last day of the month.

(b) *Application of effective dates.* (1) For purposes of determining the effective date or the applicability of any provision of this title which is expressed in terms of taxable years beginning, including, or ending with reference to the first or last day of a specified calendar month, a 52-53-week taxable year is deemed to begin on the first day of the calendar month beginning nearest to the first day of the 52-53-week taxable year, and is deemed to end or close on the last day of the calendar month ending nearest to the last day of the 52-53-week taxable year, as the case may be. Examples of provisions of this title the applicability of which is expressed in terms referred to in the preceding sentence include the provisions relating to the time for filing returns and other documents, paying tax, or performing other acts, and the provisions of part II (section 1561 and following), subchapter B, chapter 6, relating to surtax exemptions of certain controlled corporations. The provisions of this subparagraph do not apply to the computation of the tax if subparagraph (2) of this paragraph, relating to the computation under section 21 of the effect of