

§ 1.1017-1 Basis reductions following a discharge of indebtedness.

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- (g) * * *
(2) * * *
(iii) * * *

(B) [Reserved] For further guidance, see § 1.1017-1T(g)(2)(iii)(B).

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■ **Par. 11.** Section 1.1017-1T is amended by revising paragraphs (c) through (i) to read as follows:

§ 1.1017-1T Basis reductions following a discharge of indebtedness (temporary).

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(c) through (g)(2)(iii)(A) [Reserved]. For further guidance, see § 1.1017-1(c) through (g)(2)(iii)(A).

(g)(2)(iii)(B) *Taxpayer's requirement.* For taxable years beginning before January 1, 2003, statements described in § 1.1017-1(g)(2)(iii)(A) must be attached to a taxpayer's timely filed (including extensions) Federal income tax return for the taxable year in which the taxpayer has COD income that is excluded from gross income under section 108(a). For taxable years beginning after December 31, 2002, taxpayers must retain the statements and keep them available for inspection in the manner required by § 1.6001-1(e), but are not required to attach the statements to their returns.

(g)(2)(iv) through (i) [Reserved]. For further guidance, see § 1.1017-1(g)(2)(iv) through (i).

■ **Par. 12.** Section 1.1368-1 is amended by revising paragraphs (f)(5)(iii) and (g)(2)(iii) to read as follows:

§ 1.1368-1 Distributions by S corporations.

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- (f) * * *
(5) * * *

(iii) [Reserved]. For further guidance, see § 1.1368-1T(f)(5)(iii).

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- (g) * * *
(2) * * *

(iii) [Reserved]. For further guidance, see § 1.1368-1T(g)(2)(iii).

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■ **Par. 13.** Section 1.1368-1T is added to read as follows:

§ 1.1368-1T Distributions by S corporations (temporary).

(a) through (f)(5)(ii) [Reserved]. For further guidance, see § 1.1368-1(a) through (f)(5)(ii).

(f)(5)(iii) *Corporate statement regarding elections.* A corporation makes an election for a taxable year under § 1.1368-1(f) by attaching a statement to a timely filed original or

amended return required to be filed under section 6037 for that taxable year. In the statement, the corporation must identify the election it is making under § 1.1368-1(f) and must state that each shareholder consents to the election. In the case of elections for taxable years beginning before January 1, 2003, an officer of the corporation must sign under penalties of perjury the statement on behalf of the corporation. In the case of elections for taxable years beginning after December 31, 2002, the statement described in this paragraph (f)(5)(iii) shall be verified by signing the return. A statement of election to make a deemed dividend under § 1.1368-1(f) must include the amount of the deemed dividend that is distributed to each shareholder.

(f)(5)(iv) through (g)(2)(ii) [Reserved]. For further guidance, see § 1.1368-1(f)(5)(iv) through (g)(2)(ii).

(g)(2)(iii) *Time and manner of making election.* A corporation makes an election under § 1.1368-1(g)(2)(i) for a taxable year by attaching a statement to a timely filed original or amended return required to be filed under section 6037 for a taxable year (without regard to the election under § 1.1368-1(g)(2)(i)). In the statement, the corporation must state that it is electing for the taxable year under § 1.1368-1(g)(2)(i) to treat the taxable year as if it consisted of separate taxable years. The corporation also must set forth facts in the statement relating to the qualifying disposition (e.g., sale, gift, stock issuance, or redemption), and state that each shareholder who held stock in the corporation during the taxable year (without regard to the election under § 1.1368-1(g)(2)(i)) consents to this election. For purposes of this election, a shareholder of the corporation for the taxable year is a shareholder as described in section 1362(a)(2). A single election statement may be filed for all elections made under § 1.1368-1(g)(2)(i) for the taxable year. An election made under § 1.1368-1(g)(2)(i) of this section is irrevocable. In the case of elections for taxable years beginning before January 1, 2003, the statement through which a corporation makes an election under § 1.1368-1(g)(2)(i) must be signed by an officer of the corporation under penalties of perjury. In the case of elections for taxable years beginning after December 31, 2002, the statement described in the preceding sentence shall be verified by signing the return.

(g)(2)(iv) [Reserved]. For further guidance, see § 1.1368-1(g)(2)(iv).

■ **Par. 14.** Section 1.1377-1 is amended by revising paragraph (b)(5)(i)(C) to read as follows:

§ 1.1377-1 Pro rata share.

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- (b) * * *
(5) * * *
(i) * * *

(C) [Reserved]. For further guidance, see § 1.1377-1T(b)(5)(i)(C).

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■ **Par. 15.** Section 1.1377-1T is added to read as follows:

§ 1.1377-1T Pro rata share (temporary).

(a) through (b)(5)(i)(B) [Reserved]. For further guidance, see § 1.1377-1(a) through (b)(5)(i)(B).

(b)(5)(i)(C) The signature on behalf of the S corporation of an authorized officer of the corporation under penalties of perjury, except that for taxable years beginning after December 31, 2002, the election statement described in § 1.1377-1(b)(5)(i) shall be verified, and the requirement of this paragraph (b)(5)(i)(C) is satisfied, by the signature on the Form 1120S filed by the S corporation.

(b)(5)(i)(D) through (c) [Reserved]. For further guidance, see § 1.1377-1(b)(5)(i)(D) through (c).

■ **Par. 16.** Section 1.1502-21 is amended by revising paragraphs (b)(2)(iii), (b)(3)(i) and (b)(3)(ii)(B) to read as follows:

§ 1.1502-21 Net operating losses.

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- (b) * * *
(2) * * *

(iii) [Reserved]. For further guidance, see § 1.1502-21T(b)(2)(iii).

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(3) * * * (i) [Reserved]. For further guidance, see § 1.1502-21T(b)(3)(i).

- (ii) * * * (A) * * *

(b)(3)(ii)(B) [Reserved]. For further guidance, see § 1.1502-21T(b)(3)(ii)(B).

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■ **Par. 17.** Section 1.1502-21T is amended by revising paragraphs (b)(2)(iii) and (b)(3) through (b)(3)(ii)(B) to read as follows:

§ 1.1502-21T Net operating losses (temporary).

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(b)(2)(iii) [Reserved]. For further guidance, see § 1.1502-21(b)(2)(iii).

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(b)(3) *Special rules—(i) Election to relinquish carryback.* A group may make an irrevocable election under section 172(b)(3) to relinquish the entire carryback period with respect to a CNOL for any consolidated return year. Except as provided in paragraph (b)(3)(ii)(B) of this section, the election may not be made separately for any member (whether or not it remains a member), and must be made in a