

Internal Revenue Service, Treasury

§ 1.444-0T

(1) Accumulated earnings tax, see section 536 and the regulations thereunder;

(2) Personal holding company tax, see section 546 and the regulations thereunder;

(3) Undistributed foreign personal holding company income, see section 557 and the regulations thereunder;

(4) The taxable income of a regulated investment company, see section 852(b)(2)(E) and the regulations thereunder; and

(5) The taxable income of a real estate investment trust, see section 857(b)(2)(C) and the regulations thereunder.

[T.D. 6500, 25 F.R. 11705, Nov. 26, 1960, as amended by T.D. 6598, 27 FR 4093, Apr. 28, 1962; T.D. 6777, 29 FR 17808, Dec. 16, 1964; T.D. 7244, 37 FR 28897, Dec. 30, 1972, T.D. 7564, 43 FR 40494, Sept. 12, 1978; T.D. 7575, 43 FR 58816, Dec. 18, 1978; T.D. 7767, 465 FR 11265, Feb. 6, 1981]

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[T.D. 8205, 53 FR 19693, May 27, 1988]

§ 1.444-1T Election to use a taxable year other than the required taxable year (temporary).

(a) *General rules*—(1) *Year other than required year*. Except as otherwise provided in this section and § 1.444-2T, a partnership, S corporation, or personal service corporation (as defined in § 1.441-4T(d)) may make or continue an election (a “section 444 election”) to have a taxable year other than its required taxable year. See paragraph (b) of this section for limitations on the

taxable year that may be elected. See § 1.444-2T for rules that generally prohibit a partnership, S corporation, or personal service corporation that is a member of a tiered structure from making or continuing a section 444 election. See § 1.444-3T for rules explaining how and when to make a section 444 election.

(2) *Effect of section 444 election*—(i) *In general*. A partnership or S corporation that makes or continues a section 444 election shall file returns and make payments as required by §§ 1.7519-1T and 1.7519-2T. A personal service corporation that makes or continues a section 444 election is subject to the deduction limitation of § 1.280H-1T.

(ii) *Duration of section 444 election*. A section 444 election shall remain in effect until the election is terminated pursuant to paragraph (a)(5) of this section.

(3) *Section 444 election not required for certain years*. A partnership, S corporation, or personal service corporation is not required to make a section 444 election to use—

(i) A taxable year for which such entity establishes a business purpose to the satisfaction of the Commissioner (*i.e.*, approved under section 4 or 6 of Rev. Proc. 87-32, 1987-28 I.R.B. 14, or any successor revenue ruling or revenue procedure), or

(ii) A taxable year that is a “grandfathered fiscal year,” within the meaning of section 5.01(2) of Rev. Proc. 87-32 or any successor revenue ruling or revenue procedure.

Although a partnership, S corporation or personal service corporation qualifies to use a taxable year described in paragraph (a)(3) (i) or (ii) of this section, such entity may, if otherwise qualified, make a section 444 election to use a different taxable year. Thus, for example, assume that a personal service corporation that historically used a January 31 taxable year established to the satisfaction of the Commissioner, under section 6 of Rev. Proc. 87-32, a business purpose to use a September 30 taxable year for its taxable year beginning February 1, 1987. Pursuant to this paragraph (a)(3), such personal service corporation may use a September 30 taxable year without