

## § 1.1502-13T

## 26 CFR Ch. I (4-1-04 Edition)

manner of electing the relief provisions of paragraph (f)(5)(ii) of this section.

(4) *Prior law.* For transactions occurring in S's years beginning before July 12, 1995, see the applicable regulations issued under section 1502. See §§1.1502-13, 1.1502-13T, 1.1502-14, 1.1502-14T, 1.1502-31, and 1.1502-32 (as contained in the 26 CFR part 1 edition revised as of April 1, 1995).

(5) *Consent to adopt method of accounting.* For intercompany transactions occurring in a consolidated group's first taxable year beginning on or after July 12, 1995, the Commissioner's consent under section 446(e) is hereby granted for any changes in methods of accounting that are necessary solely by reason of the timing rules of this section. Changes in method of accounting for these transactions are to be effected on a cut-off basis.

[T.D. 8597, 60 FR 36685, July 18, 1995, as amended by T.D. 8660, 61 FR 10449, 10450, Mar. 14, 1996; T.D. 8677, 61 FR 33323, June 27, 1996; T.D. 8660, 62 FR 12097, Mar. 14, 1997; T.D. 8677, 62 FR 12542, Mar. 17, 1997; T.D. 8823, 64 FR 36099, July 2, 1999; T.D. 8883, 65 FR 31078, May 16, 2000; T.D. 9025, 67 FR 76985, Dec. 16, 2002; T.D. 9048, 68 FR 12291, Mar. 14, 2003; T.D. 9117, 69 FR 12071, Mar. 15, 2004]

### § 1.1502-13T Intercompany transactions (temporary).

(a) through (g)(3)(ii)(A) [Reserved]. For further guidance, see §1.1502-13(a) through (g)(3)(ii)(B).

(g)(3)(ii)(B) *Timing and attributes.* For purposes of applying the matching rule and the acceleration rule —

(1) Paragraph (c)(6)(ii) of this section (limitation on treatment of intercompany income or gain as excluded from gross income) does not apply to prevent any intercompany income or gain from being excluded from gross income;

(2) Any gain or loss from an intercompany obligation is not subject to section 108(a), section 354 or section 1091;

(3) The reduction of the basis of an intercompany obligation pursuant to sections 108 and 1017 and §1.1502-28T does not result in the realization of any amount with respect to such obligation; and

(4) Paragraph (c)(6)(i) of this section (treatment of intercompany items if corresponding items are excluded or

nondeductible) will not apply to exclude any amount of income or gain attributable to a reduction of the basis of an intercompany obligation pursuant to sections 108 and 1017 and §1.1502-28T.

(g)(3)(iii) through (k) [Reserved]. For further guidance, see §1.1502-13(g)(3)(iii) through (k).

(l) *Effective dates.* Paragraph (g)(3)(ii)(B) of this section applies to transactions or events occurring during a taxable year the original return for which is due (without extensions) after March 12, 2004.

[T.D. 9117, 69 FR 12071, Mar. 15, 2004]

### § 1.1502-15 SRLY limitation on built-in losses.

(a) *SRLY limitation.* Except as provided in paragraph (f) of this section (relating to built-in losses of the common parent) and paragraph (g) of this section (relating to an overlap with section 382), built-in losses are subject to the SRLY limitation under §§1.1502-21(c) and 1.1502-22(c) (including applicable subgroup principles). Built-in losses are treated as deductions or losses in the year recognized, except for the purpose of determining the amount of, and the extent to which the built-in loss is limited by, the SRLY limitation for the year in which it is recognized. Solely for such purpose, a built-in loss is treated as a hypothetical net operating loss carryover or net capital loss carryover arising in a SRLY, instead of as a deduction or loss in the year recognized. To the extent that a built-in loss is allowed as a deduction under this section in the year it is recognized, it offsets any consolidated taxable income for the year before any loss carryovers or carrybacks are allowed as a deduction. To the extent not so allowed, it is treated as a separate net operating loss or net capital loss carryover or carryback arising in the year of recognition and, under §1.1502-21(c) or 1.1502-22(c), the year of recognition is treated as a SRLY.

(b) *Built-in losses—(1) Defined.* If a corporation has a net unrealized built-in loss under section 382(h)(3) (as modified by this section) on the day it becomes a member of the group (whether or not the group is a consolidated group), its deductions and losses are built-in losses under this section to the