

## ARIZONA CORPORATE TAX RULING

### CTR 95-5

This substantive policy statement is advisory only. A substantive policy statement does not include internal procedural documents that only affect the internal procedures of the agency and does not impose additional requirements or penalties on regulated parties or include confidential information or rules made in accordance with the Arizona administrative procedure act. If you believe that this substantive policy statement does impose additional requirements or penalties on regulated parties you may petition the agency under Arizona Revised Statutes § 41-1033 for a review of the statement.

#### **ISSUE:**

Which taxpayers are eligible to file amended Arizona corporate income tax returns on a consolidated basis under the provisions of Laws 1995, Ch. 31 (Senate Bill 1058)?

#### **APPLICABLE LAW:**

Laws 1995, Ch. 31 (S.B. 1058), amended the retroactive consolidated filing provisions of Laws 1994, Ch. 41, § 37.

#### **DISCUSSION:**

Laws 1995, Ch. 31, permits those taxpayers who previously filed amended returns on a consolidated basis under the provisions of Laws 1994, Ch. 41, § 37, to amend those returns to include additional members in the Arizona affiliated group.

Amendments to Internal Revenue Code (I.R.C.) § 1504 allowed corporations that were members of an existing affiliated group to become part of an Alaska Native Corporation's (ANC) affiliated group in order to obtain the benefits of the ANC's net operating losses and tax credits. In other instances, an affiliated group formed a new corporation specifically for inclusion in the ANC's affiliated group in order to obtain these benefits. Under the ANC provisions, once these corporations were considered part of the ANC affiliated group, they could not be included in the federal consolidated corporate income tax return of the former parent for those taxable years. These corporations, as members of the ANC's affiliated group, were included in the ANC's federal consolidated corporate income tax return for those taxable years. The act's expanded definition of an affiliated group would allow such corporations to join with their former parent's federal affiliated group in the filing of an Arizona consolidated corporate income tax return for those taxable years.

#### **RULING:**

Those taxpayers who previously filed amended returns on a consolidated basis may amend those returns to expand the Arizona affiliated group by including the former members of the affiliated group, as defined in subsection G.1(b) of the act.

In order to make a valid election under Laws 1995, Ch. 31:

1. Taxpayers must have made valid retroactive elections to file on a consolidated basis under the provisions of Laws 1994, Ch. 41, § 37. The required amended returns must have been filed by December 31, 1994.
2. Such taxpayers must amend returns filed for the 1986 through 1992 taxable years to include these new members by December 31, 1995. Each corporation added to the Arizona affiliated group must give its written consent to the election to file an Arizona consolidated tax return. The written consent(s) must be attached to the amended tax return for the taxable year in which the corporation(s) became members of the Arizona affiliated group.

Harold Scott, Director  
Signed: July 27, 1995

#### Explanatory Notice

The purpose of a tax ruling is to provide interpretive guidance to the general public and to department personnel. A tax ruling is intended to encompass issues of law which are not adequately covered in statute, case law or administrative rules. A tax ruling is a position statement which provides interpretation, details or supplementary information concerning the application of the law. **Relevant statute, case law, or administrative rules, as well as a subsequent ruling, may modify or negate any or all of the provisions of any tax ruling.** See GTP 92-1 for more detailed information regarding documents issued by the Department of Revenue.