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subject: NOL Carryback from Separate Return Year to Consolidated Return Year

This Chief Counsel Advice responds to your request for assistance. This advice may not be used or cited as precedent.

LEGEND

P =

X =

T =

Year 1 =

Year 2 =

Year 3 =

Year 4 =

Year 5 =

Year 6 =

Year 7 =

Date 1 =

Date 2 =

Date 3 =

ISSUE

Whether the carryback of net operating losses (NOLs) arising in separate return years of P to consolidated return years of the Old P group is subject to the separate return year limitations of §1.1502-21A(c) or §1.1502-21T(c) (the "SRLY rules"), as applicable.

CONCLUSION

With respect to the carryback years at issue, P does not qualify as the "lonely parent" of the Old P group under §1.1502-1(f)(2)(i) by reason of §1.1502-1(f)(3). Therefore, the carryback of NOLs arising in separate return years of P to consolidated return years of the Old P group is subject to the SRLY limitations of §1.1502-21A(c) or §1.1502-21T(c), as applicable.

TAXPAYER'S POSITION

The taxpayer argues that the SRLY limitations do not apply because notwithstanding that X was the common parent of the Old P group during the carryback years, P should be treated as the common parent of the Old P group under §§1.1502-

1(f)(2)(i) (the "Lonely Parent" rule) and 1.1502-1(f)(3) as a result of the occurrence of a reverse acquisition on Date 2.

FACTS

The information provided indicates that during Year 1 P was the common parent of a consolidated group (the "P group"). On Date 1, X was incorporated. On Date 2, P's shareholders contributed all their P stock along with cash to X in exchange for all of X's newly issued and outstanding stock in a transaction purporting to qualify as a reverse acquisition under §1.1502-75(d)(3)(i).[1] Thereafter, the P group remained in existence, albeit with X becoming the common parent of the group (hereinafter referred to as the "Old P group").

In Year 4, X elected under section 1362 to be taxable as an S corporation, with the S election effective as of Date 3. Six members of the P group made QSub elections under section 1361(b)(3) and §1.1361-3 in connection with X's S election, pursuant to which they were deemed to liquidate into X. As a result of X's S election, the P group terminated under §1.1502-75(d)(1).

For the Year 4 taxable year, P filed a consolidated return on behalf of a new group that included P and its remaining subsidiary, T (the "New P group"). The New P group reported an NOL for the Year 4 taxable year, which P carried back to the Year 2 consolidated return year (a year after 1991 but before 1997) of the Old P group. T dissolved during Year 4.

Commencing with the Year 5 taxable year, P filed a separate return. P reported NOLs on its Year 5, 6, and 7 separate returns, which P carried back to the Year 3 consolidated return year (a year beginning on or after January 1, 1997 but before June 25, 1999) of the Old P group.

LAW

Section 1.1502-1(e) defines the term "separate return year" as a taxable year of a corporation for which it files a separate return or for which it joins in the filing of a consolidated return by another group.

Section 1.1502-1(f)(1) provides that except as provided in §1.1502-1(f)(2) and (3), the term separate return limitation year (or SRLY) means any separate return year of a member or a predecessor of a member.

Section 1.1502-1(f)(2)(i) provides that the term separate return limitation year (or SRLY) does not include a separate return year of the corporation which is the common

[1] We have not been provided with sufficient information to determine whether the formation of X and the contribution together constituted a reverse acquisition within the meaning of §1.1502-75(d)(3)(i). We assume for purposes of this memorandum that the two steps together did so qualify.

parent for the consolidated return year to which the tax attribute is to be carried (except as provided in §§1.1502-75(d)(2)(ii) and 1.1502-1(f)(3)).

Section 1.1502-1(f)(3) provides as follows:

> In the event of an acquisition to which §1.1502-75(d)(3) applies, all taxable years of the first corporation and of each of its subsidiaries ending on or before the date of the acquisition shall be treated as separate return limitation years, and the separate return years (if any) of the second corporation and each of its subsidiaries shall not be treated as separate return limitation years (unless they were so treated immediately before the acquisition). For example, if corporation P merges into corporation T, and the persons who were stockholders of P immediately before the merger, as a result of owning the stock of P, own more than 50 percent of the fair market value of the outstanding stock of T, then a loss incurred before the merger by T (even though it is the common parent), or by a subsidiary of T, is treated as having been incurred in a separate return limitation year. Conversely, a loss incurred before the merger by P, or by a subsidiary of P in a separate return year during all of which such subsidiary was a member of the group of which P was the common parent and for which section 1562 was not effective, is treated as having been incurred in a year which is not a separate return limitation year.

Section 1.1502-21A(c)(1)[2] provides that in the case of a net operating loss of a member of the group arising in a separate return limitation year (as defined in paragraph (f) of §1.1502-1) of such member (and in a separate return limitation year of any predecessor of such member), the amount which may be included under §1.1502-21A(b) of this section (computed without regard to the limitation under §1.1502-21A(d) of this section) in the consolidated net operating loss carryovers and carrybacks to a consolidated return year of the group shall not exceed the amount determined under §1.1502-21A(c)(2).

Section 1.1502-21T(c)(1)(i)[3] provides, in part, that the aggregate of the net operating loss carryovers and carrybacks of a member arising (or treated as arising) in SRLYs that are included in the CNOL deductions for all consolidated return years of the group under §1.1502-21T(a) may not exceed the aggregate consolidated taxable income for all consolidated return years of the group determined by reference to only the member's items of income, gain, deduction, and loss.

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[2] Section 1.1502-21A is generally applicable to consolidated return years beginning before January 1, 1997. §1.1502-21A(h).

[3] Section 1.1502-21T is generally applicable to consolidated return years beginning on or after January 1, 1997. §1.1502-21T(g)(1). Taxpayers are also permitted under certain circumstances to apply §1.1502-21T to consolidated return years ending on or after January 29, 1991, and beginning before January 1, 1997. See §1.1502-21T(g)(3).

Section 1.1502-75(d)(1) provides, in part, that a group remains in existence for a tax year if the common parent remains as the common parent and at least one subsidiary that was affiliated with it at the end of the prior year remains affiliated with it at the beginning of the year, whether or not one or more corporations have ceased to be subsidiaries at any time after the group was formed.

Section 1.1502-75(d)(2)(ii) provides that the group shall be considered as remaining in existence notwithstanding that the common parent is no longer in existence if the members of the affiliated group succeed to and become the owners of substantially all of the assets of such former parent and there remains one or more chains of includible corporations connected through stock ownership with a common parent corporation which is an includible corporation and which was a member of the group prior to the date such former parent ceases to exist. For purposes of applying §1.1502-1(f)(2)(i) to separate return years ending on or before the date on which the former parent ceases to exist, such former parent, and not the new common parent, shall be considered to be the corporation described in §1.1502-1(f)(2)(i).

Section 1.1502-75(d)(3)(i) provides, in part, that if a corporation (the "first corporation") acquires stock of another corporation (the "second corporation"), and as a result the second corporation becomes (or would become but for the application of §1.1502-75(d)(3)(i)) a member of a group of which the first corporation is the common parent, in exchange (in whole or in part) for stock of the first corporation, and the stockholders (immediately before the acquisition) of the second corporation, as a result of owning stock of the second corporation, own (immediately after the acquisition) more than 50 percent of the fair market value of the outstanding stock of the first corporation, then any group of which the first corporation was the common parent immediately before the acquisition shall cease to exist as of the date of acquisition, and any group of which the second corporation was the common parent immediately before the acquisition shall be treated as remaining in existence (with the first corporation becoming the common parent of the group).

Rev. Rul. 72-322, 1972-1 C.B. 287, states that the function of the "reverse acquisition" rule, among other things, is (1) to identify which group or corporation's net operating losses, unused investment credits, foreign tax credits, and capital loss carryovers and carrybacks will be subject to the "separate return limitation year" rules of §1.1502-1(f) of the regulations, (2) to identify which group, if applicable, will be subject to the continued filing requirement of §1.1502-75(a)(2) of the regulations, and (3) to determine which group or corporation's taxable year will be used for the filing of the consolidated return.

DISCUSSION

The SRLY rules generally limit the ability of a consolidated group to offset a member's losses arising during a "separate return limitation year" against the income of

other members.[4] A separate return limitation year (SRLY) is generally defined as a separate return year of a member. §1.1502-1(f)(1). A separate return year is a taxable year in which a corporation files a separate return, or in which it joins in the filing of a consolidated return by another group. §1.1502-1(e).

In this case, X became the common parent of the Old P group following the Date 2 reverse acquisition. See §1.1502-75(d)(3)(i). The Old P group terminated on Date 3 when X ceased to be the common parent as a result of the S election. See section 1504(b)(8) and §1.1502-75(d)(1). P filed a consolidated return as the common parent of another consolidated group (i.e., the New P group) for the Year 4 taxable year. Therefore, the Year 4 consolidated return year constitutes a separate return year with regard to the Old P group. §1.1502-1(e). In addition, following the dissolution of P's remaining subsidiary T during Year 4, P filed separate returns for the Year 5, 6, and 7 taxable years. Thus, Years 5, 6, and 7 are also separate return years with regard to the Old P group. §1.1502-1(e).

P was not the common parent of the Old P group during the Year 2 and 3 carryback years. Accordingly, the carryback of NOLs arising during the Year 4, 5, 6, and 7 separate return years is subject to the limitations of the SRLY rules unless an exception to those rules applies.

The taxpayer argues that the SRLY limitations do not apply. Notwithstanding that X was the common parent of the Old P group during the carryback years, the taxpayer argues that P is to be treated as the common parent of the Old P group for the purpose of §§1.1502-1(f)(2)(i) (the "Lonely Parent" rule) and 1.1502-1(f)(3) as a result of the occurrence of a reverse acquisition on Date 2.

The Lonely Parent rule

The Lonely Parent rule is an exception to the SRLY rules. The Lonely Parent rule provides that a SRLY does not include a separate return year of the corporation which is the common parent for the consolidated return year to which the tax attribute is to be carried. For example, assume that Corporation A, a standalone corporation filing a separate return, incurs an NOL during Year 1. In Year 2, A purchases all the stock of Corporation B, and the two elect to file a consolidated return. Because A is the common parent of the group during Year 2, the Lonely Parent rule permits A's NOL carryover to be used to offset B's income without any limitation under the SRLY rules.

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[4] On February 4, 1991, the IRS and Treasury Department issued proposed regulations regarding the SRLY limitation. See CO-78-90, 1991-1 C.B. 757. On June 27, 1996, the IRS and Treasury Department issued temporary regulations that were substantially identical. See T.D. 8677, 1996-2 C.B. 119. Under the SRLY rules, a member's NOL that arises in a SRLY can be used to offset income on the consolidated return only to the extent of that member's current contribution to consolidated taxable income. See §§1.1502-21A(c)(1) and (2); §1.1502-21T(c)(1)(i). Section 1.1502-21T(c)(2) provides SRLY subgroup rules that are generally effective for consolidated return years beginning on or after January 1, 1997. Under the subgroup rules, the SRLY limitation is applied on a subgroup basis, rather than on a member-by-member basis.

See Wolter Constr. Co. v. Commissioner, 634 F.2d 1029, 1034 (6th Cir. 1980) ("The net effect [of the Lonely Parent rule] is to allow pre-affiliation NOL's of the common parent to be used to offset post-affiliation profits of any member of the group"). By excluding A's Year 1 NOL from the definition of a SRLY, the Lonely Parent rule essentially treats A as the embodiment of its consolidated group, even when it has no subsidiaries. See Dubroff, Federal Income Taxation of Corporations Filing Consolidated Returns, §42.02 n. 161. The Lonely Parent rule thus demonstrates the important role of the common parent under the consolidated return regulations.

The Lonely Parent rule is itself subject to qualification in two instances in which the continuation of the consolidated group is at issue. See §1.1502-1(f)(2)(i) (parenthetical stating that the Lonely Parent rule applies except as provided in §§1.1502-75(d)(2)(ii) and 1.1502-1(f)(3)). Both of the situations identified by the parenthetical relate to exceptions to the general rule of §1.1502-75(d)(1), which makes the consolidated group's continued existence contingent upon the common parent remaining as the common parent: the so-called downstream exception of §1.1502-75(d)(2)(ii),[5] and the Reverse Acquisition rule.

The Reverse Acquisition rule

Under §1.1502-75(d)(3)(i), if a corporation (the "first corporation") acquires stock of another corporation (the "second corporation"), and as a result the second corporation becomes (or would become but for the application of §1.1502-75(d)(3)(i)) a member of a group of which the first corporation is the common parent, in exchange (in whole or in part) for stock of the first corporation, and the stockholders (immediately before the acquisition) of the second corporation, as a result of owning stock of the second corporation, own (immediately after the acquisition) more than 50 percent of the fair market value of the outstanding stock of the first corporation, then any group of which the first corporation was the common parent immediately before the acquisition shall cease to exist as of the date of acquisition, and any group of which the second corporation was the common parent immediately before the acquisition shall be treated as remaining in existence (with the first corporation becoming the common parent of the group).

The Reverse Acquisition rule functions to identify which group will be subject to the continued filing requirement of §1.1502-75(a)(2) of the regulations, and to determine which group or corporation's taxable year will be used for the filing of the consolidated return. See Rev. Rul. 72-322, 1972-1 C.B. 287. The rule also serves to identify which group or corporation's NOLs and other tax attributes will be subject to the SRLY rules of §1.1502-1(f). Id. See also Wolter Constr. Co., 634 F.2d at 1035-1036 ("The purpose

[5] Under the downstream exception, notwithstanding that the common parent is no longer in existence, the group is treated as remaining in existence if members succeed to and become the owners of substantially all the assets of the former common parent and there remains one or more chains of includible corporations connected through stock ownership with a common parent which is an includible corporation and which was a member of the group prior to the date the former parent ceases to exist. §1.1502-75(d)(2)(ii). See generally Falconwood Corp. v. United States, 60 Fed. Cl. 485 (2004).

and effect of the reverse-acquisition rules is to prevent trafficking in loss corporations. This is accomplished by redirecting the SRLY limitation to the ostensibly acquiring corporation.")

The Reverse Acquisition rule is a rule of substance-over-form that seeks to identify the larger of two combining groups based upon the relative value of shareholdings. Thus, if a transaction is structured so that a smaller group acquires a larger group in exchange for stock of the smaller group, the Reverse Acquisition rule provides that the form of the transaction will not control. For example, assume that A, the common parent of a consolidated group, acquires all the stock of B, the common parent of a larger group, in exchange for stock of A. As a result of their prior stock ownership in B, the B shareholders end up owning more than 50 percent in value of the A stock. The Reverse Acquisition rule treats the smaller A group as terminating and the larger B group as remaining in existence, albeit with A as the new common parent—in effect, as though the larger B group had acquired the smaller A group.

The reverse acquisition exception to the Lonely Parent rule

As discussed supra, the Reverse Acquisition rule has the effect of reversing the respective roles of the acquiring and target corporations in a combining transaction. Because one of the functions of the Reverse Acquisition rule is to determine which corporation's attributes will be subject to the SRLY rules, this role reversal necessarily has ramifications for the application of the Lonely Parent rule.

Assume that, in the example set forth above, A had NOLs from years prior to the Reverse Acquisition that it carried over to the consolidated return years of the continuing B group. In this situation, it would be inappropriate for A's pre-acquisition NOLs to be used to offset income of the B group without limitation under the SRLY rules because the A group terminated as a result of the acquisition; i.e., A cannot properly be regarded as the embodiment of the B consolidated group during A's separate return years.

The exception set forth in §1.1502-1(f)(3) serves to harmonize the Lonely Parent rule with the Reverse Acquisition rule. Section 1.1502-1(f)(3) provides as follows:

> [I]n the event of an acquisition to which §1.1502-75(d)(3) applies, all taxable years of the first corporation and of each of its subsidiaries ending on or before the date of the acquisition shall be treated as separate return limitation years, and the separate return years (if any) of the second corporation and each of its subsidiaries shall not be treated as separate return limitation years (unless they were so treated immediately before the acquisition).

In Wolter Constr. Co., 634 F.2d at 1035, the Sixth Circuit explained the application of the §1.1502-1(f)(3) exception as follows:

> In a typical reverse acquisition in the loss carryover context, substantially all the assets or stock of a profit[6] corporation are nominally acquired by a loss corporation in exchange for more than 50 percent of the latter's stock, so that control of the loss corporation has shifted to the shareholders of the profit corporation as they existed prior to the acquisition. The Regulations essentially treat the loss corporation as having been acquired, and under [§]1.1502-1(f)(3) of the Treasury Regulations, all taxable years of the loss corporation prior to the reverse acquisition are treated as separate return limitation years, notwithstanding its status as the common parent corporation of the new affiliated group consisting of it and the profit corporation. Conversely, the separate return years of the profit corporation prior to the acquisition are not treated, in general, as separate return limitation years. Accordingly, the net operating losses sustained by the loss corporation, but not the profit corporation, in its separate return years are subject to the carryover limitation contained in [§]1.1502-21(c).

(Footnote omitted.) In sum, §1.1502-1(f)(3) modifies the Lonely Parent rule to reflect that, in the case of a Reverse Acquisition, the roles of the acquiring and target corporations are effectively reversed.

Response to the taxpayer's argument

The taxpayer argues that §1.1502-1(f)(3) only imposes a SRLY limitation with regard to the taxable years of the acquiring group (i.e., the "first corporation") ending "on or before" the date of the Reverse Acquisition. The taxpayer interprets this language as restrictive. In contrast, the taxpayer asserts that when discussing the target group (i.e., the "second corporation") §1.1502-1(f)(3) refers broadly to all the "separate return years" of the target and its subsidiaries. Based on its reading of these provisions, the taxpayer argues that the imposition of a time limitation on the acquiring group and the lack of a limitation imposed upon the target group signifies an intent that the lonely parent after a reverse acquisition retain such status indefinitely. Thus, the taxpayer maintains that all separate return years of P (including Years 4, 5, 6, and 7), the lonely parent after the Year 1 reverse acquisition, are not SRLY with respect to the Old P group.

The taxpayer's interpretation of §§1.1502-1(f)(2)(i) and §1.1502-1(f)(3) is inconsistent with the language and purpose of the Lonely Parent rule and the reverse acquisition exception to that rule. Section 1.1502-1(f)(3) provides as follows:

> [I]n the event of an acquisition to which §1.1502-75(d)(3) applies, all taxable years of the first corporation and of each of its subsidiaries ending on or before the date of the acquisition shall be treated as separate return limitation years, and the separate return years (if any) of the second corporation and each of its

[6] The court explained in a footnote that a "profit" corporation is a corporation that does not possess tax attributes which the parties wish to preserve, while a "loss" corporation is one that possesses favorable tax attributes. Wolter Constr. Co., 634 F.2d at 1035 n. 9.

> subsidiaries shall not be treated as separate return limitation years (unless they were so treated immediately before the acquisition).

(Emphasis added.) The taxpayer places much emphasis on the fact that the time limitation specified in the clause addressing the taxable years of the first corporation is not repeated in the clause relating to the second corporation. As detailed below, such time limitation is implicit in the rule's application, and made explicit in the single example offered by §1.1502-1(f)(3).

In the consolidated return context, there can be only one common parent of a group at a given time--including with reference to separate return years. See section 1504(a) (defining an affiliated group as "1 or more chains of includible corporations connected through stock ownership with a common parent corporation which is an includible corporation"). The Lonely Parent rule accords special treatment to the common parent by generally excepting the common parent's separate return years from the definition of a SRLY.[7] Even as the §1.1502-1(f)(3) exception acknowledges that there can be only one common parent, it reverses the application of the Lonely Parent rule with respect to carryovers from pre-reverse acquisition years; i.e., the acquiring (first) corporation's taxable years are treated as SRLY, while the target (second) corporation's separate return years are not SRLY. Nonetheless, only one corporation is treated as the lonely parent.

The Reverse Acquisition rule provides that even though the second group is treated as remaining in existence, it is the first corporation that becomes the common parent of the continuing group. See §1.1502-75(d)(3)(i) (flush language). The exception in §1.1502-1(f)(3) imposes SRLY treatment only on the pre-reverse acquisition years of the first corporation. Therefore, on a prospective basis, any post-acquisition separate return years of the first corporation are not subject to SRLY by operation of the Lonely Parent rule. In the instant case, this means that after the break-up of the Old P group in Year 4, a carryback from the separate return year of the first corporation (i.e., X) to a consolidated return year of the Old P group would not be subject to the SRLY limitations because X qualifies as the lonely parent. The taxpayer's interpretation of §1.1502-1(f)(3), however, is that the lack of time limitation on the non-SRLY status of the second corporation following a reverse acquisition means that the second corporation retains lonely parent status indefinitely—even after the group itself terminates. Based on this argument, the taxpayer concludes that carrybacks from the separate return years of the second corporation (i.e., P) to consolidated return years of the Old P group are not subject to SRLY. Thus, the taxpayer's argument necessarily

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[7] The consolidated return regulations generally confer special treatment on the common parent, reflecting its key status. See, e.g., §1.1502-75(d)(1) (group generally remains in existence so long as the common parent remains the common parent); §1.1502-76(a)(1) (the consolidated return must be filed on the basis of the common parent's taxable year); §1.1502-77 (common parent is the sole agent for the group, authorized to act in its own name with regard to the group's consolidated tax liability); §1.1502-32 (common parent is the only member whose stock is not subject to the investment adjustment rules); §1.1502-92(b)(1) (section 382 ownership change generally determined with reference to an ownership change of the common parent).

leads to the nonsensical conclusion that, for years after the break-up of the group, the separate return years of both the first corporation and the second corporation qualify for the Lonely Parent exception to the SRLY rules.

Such an interpretation is clearly contrary to §§1.1502-1(f)(2)(i) and 1.1502-1(f)(3). As discussed supra, the Reverse Acquisition rule reverses the roles of the acquiring and target corporations, thereby necessitating a corollary reversal of the Lonely Parent rule. The 1.1502-1(f)(3) exception therefore serves to harmonize the Lonely Parent rule with the Reverse Acquisition rule with respect to years preceding a reverse acquisition. Note that because the Reverse Acquisition rule clearly identifies the first corporation as the common parent of the continuing group, on a prospective basis there is no need to deviate from the general Lonely Parent rule.

The single example that accompanies §1.1502-1(f)(3) further supports that the reverse acquisition exception to the Lonely Parent rule is directed only to carryovers from pre-acquisition separate return years to post-acquisition consolidated return years[8]:

> If corporation P merges into corporation T, and the persons who were stockholders of P immediately before the merger, as a result of owning the stock of P, own more than 50 percent of the fair market value of the outstanding stock of T, then a loss incurred before the merger by T (even though it is the common parent), or by a subsidiary of T, is treated as having been incurred in a SRLY. Conversely, a loss incurred before the merger by P, or by a subsidiary of P in a separate return year during all of which such subsidiary was a member of the group of which P was the common parent, is treated as having been incurred in a year which is not a SRLY.

(Emphasis added.) Because the Reverse Acquisition rule treats the P group as the continuing group, the example appropriately concludes that a loss carryover attributable to P is not subject to SRLY, while a loss carryover attributable to T is subject to SRLY. The example thus explicitly establishes not only that the §1.1502-1(f)(3) exception

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[8] The parenthetical in §1.1502-1(f)(2)(i) identifies a second exception to the Lonely Parent rule in the case of a downstream transfer under §1.1502-75(d)(2)(ii). Section 1.1502-75(d)(2)(ii) explicitly provides a timeframe for the non-SRLY status of the target's separate return years: "For purposes of applying paragraph (f)(2)(i) of §1.1502-1 to separate return years ending on or before the date on which the former parent ceases to exist, such former parent, and not the new common parent, shall be considered to the be the corporation described in such paragraph." (Emphasis added.) The different formulations of the two exceptions to the Lonely Parent rule are likely attributable to their having been drafted at different times. The Reverse Acquisition rule of §1.1502-75(d)(3)(i), the downstream exception of §1.1502-75(d)(2)(ii), the general Lonely Parent rule of §1.1502-1(f)(2)(i) and the reverse acquisition exception in §1.1502-1(f)(3) all were issued together as part of the 1966 overhaul of the consolidated return regulations in T.D. 6894, 1966-2 C.B. 362. The exception to the Lonely Parent rule in the case of a downstream transfer was added later by T.D. 7246, 1973-1 C.B. 381. There is no indication, however, that the drafters intended the non-SRLY status of the target in the case of a reverse acquisition to continue indefinitely while it is limited in the case of a downstream transfer.

applies only with respect to losses arising before the reverse acquisition, but also that such time limitation applies equally to both the first and second corporations.

In summary, in the instant case P does not qualify under the Lonely Parent exception to the SRLY rules because P was not the common parent of the Old P group during the carryback years. Moreover, the exception in §1.1502-1(f)(3) is inapplicable to the NOL carrybacks at issue in this case. Accordingly, the carryback of NOLs arising during the Year 4, 5, 6, and 7 separate return years to the Year 2 and 3 consolidated return years of the Old P group is subject to the limitations of the SRLY rules.

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Please call Sean P. Duffley at (202) 622-7530 if you have any further questions.