

8019.0405 COMBINED GROUP FRANCHISE TAX RETURN.

Subpart 1. **Filing of a single return.** Members of a unitary business, as defined in part 8019.0100, subpart 2, required to be included on a combined report must file a single corporate franchise tax return for the combined group. While a foreign corporation may be part of a unitary business, only domestic corporations, as defined in Minnesota Statutes, section 290.01, subdivision 5, can file a combined report.

Subp. 2. **Definitions.** The following definitions apply to this part.

A. "Combined group" means two or more corporations that are part of a unitary business, as defined in Minnesota Statutes, section 290.17, subdivision 4, and are required or permitted to file a combined report under subpart 1 and Minnesota Statutes, section 290.17 or 290.34, subdivision 2.

B. "Designated member" means the member of a combined group designated by the combined group.

C. "Member" means a corporation that is part of a combined group.

D. "Single return" means one combined report or return filed by the designated member on behalf of all members of a combined group.

Subp. 3. **Taxable year.** A single return must be filed on the basis of the designated member's taxable year. Each member shall conform the calculation of its corporate franchise tax, including its Minnesota net income, alternative minimum tax, apportionment factors, deductions, and credits, to the designated member's annual accounting period for the first and subsequent single return years in which the member is included in the combined group.

Subp. 4. **Members with different accounting periods.** A member of a combined group that has a different accounting period than the designated member shall calculate its corporate franchise tax using the same accounting period as the designated member. A member shall conform its calculation of its corporate franchise tax to the designated member's annual accounting period by:

A. creating a pro forma federal income tax return based upon the member's actual accounting records for the time period covered by the designated member's accounting period; or

B. allocating the income and other return information, on a pro rata basis, based upon the number of months falling within the designated member's accounting period. For example, if a designated member's accounting period ends on December 31 and a member's accounting period ends on September 30, the member would assign 9/12 of its income and apportionment factors of one year and 3/12 of its income and apportionment factors of the succeeding accounting period to arrive at a full 12 months' income to be included in the single return.

Subp. 5. **Filing requirements.** The designated member is responsible for filing the single return.

The single return must identify each member that is included in the combined return.

Subp. 6. **Liability for tax.** Every corporation that is a member of a combined group during any part of a tax year is severally liable for the taxes, penalties, interest, or additions to tax of the combined group for that taxable year provided, however, that the designated member is primarily responsible for payment of the taxes, penalties, interest, or additions to tax for the taxable year.

The tax liability prescribed in this part cannot be reduced by an agreement entered into by one or more members with another member or with another person.

Subp. 7. **Exception.** A former member may be less than severally liable, as provided in subpart 6, for an assessment of a tax deficiency in an amount not exceeding the portion of the deficiency which the commissioner determines to be allocable to the former member, based upon the proportion of the former member's taxable net income over the combined group's taxable net income, if:

A. the corporation has ceased to be a member as the result of a bona fide sale or exchange of its stock for fair value;

B. the sale or exchange occurred prior to the date of the assessment of the deficiency; and

C. the commissioner believes that the assessment or collection of the balance of the deficiency is not jeopardized.

Subp. 8. **Refunds.** Claims for refund are filed by the designated member on behalf of the members. Refunds are paid to the designated member.

Subp. 9. [Repealed, 43 SR 886]

Subp. 10. **Estimated payments.** The designated member shall make quarterly payments of estimated taxes for the combined group, as provided in Minnesota Statutes, section 289A.26.

In applying the provisions of Minnesota Statutes, section 289A.26, a combined group filing a single return is treated as if it were a single corporation.

Subp. 11. **Forms and schedules.** The single return must include the forms and schedules prescribed by the commissioner.

Subp. 12. [Repealed, 26 SR 435]

Subp. 13. **Interest.** Interest due on an underpayment or assessment of tax is calculated as if the combined group were a single corporation.

Subp. 14. [Repealed, 26 SR 435]

Statutory Authority: *MS s 14.386; 14.388; 270.06; 270C.06; 290.37; 290.52*

History: *15 SR 584; 26 SR 435; L 2005 c 151 art 1 s 114; 32 SR 2175; 43 SR 886*

Published Electronically: *February 7, 2019*