

1 Department of Revenue

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3 Adopted Permanent Rules Relating to Single Return Filing by
4 Affiliated Corporations

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6 Rule as Adopted

7 8019.0405 UNITARY GROUP FRANCHISE TAX RETURN.

8 Subpart 1. Filing of a single return. Members of a
9 unitary group required to be included on a combined report may
10 elect to file a single corporate franchise tax return for the
11 group.

12 Subp. 2. Definitions. The following definitions apply to
13 this part.

14 A. "Unitary group" means two or more corporations
15 that are part of a unitary business, as defined in Minnesota
16 Statutes, section 290.17, subdivision 4, and are required or
17 permitted to file a combined report under Minnesota Statutes,
18 section 290.34 and part 8019.0300.

19 B. "Designated member" means the member of the
20 affiliated group designated by the unitary group as provided in
21 subpart 4. The designated member must have nexus with Minnesota
22 under Minnesota Statutes, section 290.015.

23 C. "Member" means a corporation that is part of a
24 unitary group that elects to file a single return as provided in
25 this part.

26 D. "Single return" means one return filed by the
27 designated member on behalf of all members of a unitary group.

28 E. "Single return year" means a taxable year for
29 which a single return is filed or required to be filed by a
30 unitary group.

31 Subp. 3. Taxable year. A single return must be filed on
32 the basis of the designated member's taxable year. Each member
33 must adopt the designated member's annual accounting period for
34 the first and subsequent single return years in which the member
35 is included in the unitary group.

1 When a corporation becomes a member of the unitary group
 2 during the taxable year, its ~~tax~~ taxable year must end on the
 3 same date as the designated member. When a corporation ceases
 4 to be a member of the unitary group during the taxable year, its
 5 ~~tax~~ taxable year must begin on the same date as the designated
 6 member's ~~tax~~ taxable year.

7 Subp. 4. Election. In order to elect to file a single
 8 return as provided in subdivision 1, all members of the a
 9 unitary group that are subject to Minnesota franchise taxes must
 10 make a written election ~~to-file-a-single-return~~. The election
 11 must be filed with the single return in the form prescribed by
 12 the commissioner of revenue and contain:

- 13 A. the names of all members;
- 14 B. the Minnesota and federal employer identification
 15 numbers for each member; and
- 16 C. a statement appointing one member as the
 17 designated member and granting power of attorney to the
 18 designated member to represent the unitary group for all tax
 19 matters related to the single return.

20 The election to file a single return and the appointment of
 21 a designated member are binding for all subsequent tax years and
 22 may be rescinded or modified only on a form as prescribed by the
 23 commissioner.

24 Subp. 5. Filing requirements. The designated member is
 25 responsible for filing the single return. The return must be
 26 signed by a person who is authorized by the designated member
 27 and who has knowledge of the contents of the return.

28 The single return must include an explanation of changes in
 29 the unitary group's membership in the single return year, if any.

30 ~~Subp. 6. Payment of tax. All taxes, penalties, interest,~~
 31 ~~or additions to tax must be paid by the designated member on~~
 32 ~~behalf of the unitary group. The designated member is~~
 33 ~~responsible for the payment of all changes in tax liability or~~
 34 ~~assessments for the taxable year.~~

35 Subp. 7: 6. Liability for tax. Every corporation that was
 36 is a member of a unitary group during any part of a single

1 return year is severally liable for the taxes, penalties,
 2 interest, or additions to tax of the unitary group for that
 3 taxable year provided, however, that the designated member is
 4 primarily responsible for payment of the taxes, penalties,
 5 interest, or additions to tax for the taxable year. The
 6 ~~commissioner may make assessment and collect a tax deficiency~~
 7 ~~from a former member in an amount not exceeding the part of the~~
 8 ~~deficiency which the commissioner determines to be allocable to~~
 9 ~~the former member, based upon the proportion of the former~~
 10 ~~member's taxable net income over the unitary group's taxable net~~
 11 ~~income, if:~~

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

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

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

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

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

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

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

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

36 Subp. 8. Refunds. Claims for refund are filed by the

1 designated member on behalf of the members. Refunds are paid to
2 the designated member.

3 Subp. 9. **Computation of tax.** Each member must compute its
4 separate franchise tax for the taxable year and combine those
5 amounts for the unitary group's franchise tax liability for the
6 taxable year in which a single return is filed.

7 Subp. 10. **Estimated payments.** The designated member must
8 make quarterly payments of estimated taxes for the unitary
9 group, as provided in Minnesota Statutes, section 290-933
10 289A.26.

11 In applying the provisions of Minnesota Statutes, section
12 ~~290-934~~ 289A.26, a unitary group electing to file a
13 single **combined** return is treated as if it were a single
14 corporation.

15 For purposes of the first taxable year in which an election
16 is made under this part, the amount used as the tax liability
17 for the prior taxable year to calculate the required installment
18 under Minnesota Statutes, section ~~290-934~~ 289A.26, subdivision
19 ~~3a~~ 7, paragraph (b), clause (2), will be calculated using the
20 total of the prior taxable year's tax liabilities of all the
21 members.

22 If the members make separate estimated tax payments for the
23 taxable year, then the provisions of this subpart do not apply
24 and the provisions of Minnesota Statutes, ~~sections-290-933-and~~
25 ~~290-934~~ section 289A.26, are applied to each member separately.

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

28 Subp. 12. **Extensions.** A request for an extension in the
29 time for filing a single return must be made by the designated
30 member on behalf of the other members.

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

34 Subp. 14. **Applicability.** This part applies to elections
35 made for tax years beginning after December 31, 1989.

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05/18/90

[REVISOR] JMR/MK AR1641

1 REPEALER. Minnesota Rules, part 8019.0400 is repealed.