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# *Texas combined groups with loss carryforwards must verify information by October 31*

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As reported in a recent Texas Comptroller of Public Accounts NewsAlert, combined groups with preserved business loss carryforwards must verify certain information by October 31, 2011 or risk the loss of any temporary credit claimed on the 2008 through 2011 franchise tax reports and temporary credits available for future years.

Under Tax Code Section 171.111, an entity may take a credit based on its business loss carryforward as of Jan. 1, 2008, but only if the entity preserved its business loss carryforward with its 2008 franchise tax report. A taxable entity that is a combined group may claim the temporary credit for each eligible member of the combined group.

Texas law provides that the credit may not be conveyed, assigned or transferred. An entity will lose the right to claim the credit if it changes combined groups after June 30, 2007. The Comptroller announced that it is sending letters to reporting entities to determine if an entity has changed combined groups. The letter states that additional information is required to verify each affiliate's temporary credit for business loss carryforwards taken on the combined report.

For reports due on or after Jan. 1, 2012, the reporting entity must submit common owner information each year by the due date of the report, even if the combined group is not claiming the credit on the current year's report.

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