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Texas Comptroller to grant extension to combined groups with loss carryforwards

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The Texas Comptroller of Public Accounts announced, in a [recent alert](#), that combined groups with preserved business loss carryforwards will be given an extension, from the announced [October 31 deadline](#), to verify certain information or risk the loss of any temporary credit claimed on the 2008 through 2011 franchise tax reports and temporary credits available for future years. The Comptroller stated that it will mail a second notice "in the near future to those companies who did not meet the October 31 deadline. This letter will give taxpayers an additional 30 days to comply from the date of this letter."

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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