

IRS Hot Topics

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Increasing cash flow by filing Form 1139 to obtain a quick refund

In brief

Corporate taxpayers can increase cash flow by filing Internal Revenue Service (IRS) Form 1139, *Corporation Application for Tentative Refund*, to obtain a quick refund. Accordingly, it is important that they are aware of the benefits and necessary steps to obtain a tentative refund.

In more detail

Form 1139 must be filed within 12 months of the end of the tax year in which a net operating loss (NOL), net capital loss, or unused credit was generated. Therefore, the filing deadline to carry back an NOL or other loss or credit that arose in the tax period ended December 31, 2011 is December 31, 2012.

An application for tentative refund is not treated as a claim for credit or refund and may be disallowed if certain computational omissions or errors are made. Such missteps may preclude a taxpayer's ability to obtain a quick refund.

The IRS routinely rejects Form 1139 due to timing issues, minor mathematical calculations, and administrative errors, such as omitted schedules. If a Form 1139 is rejected, the IRS is authorized to determine whether or not it will allow a taxpayer to perfect the application after the filing deadline.

Such a disallowance may result in the taxpayer being forced to file Form 1120X, *Amended U.S. Corporation Income Tax Return*, which may cause extensive delays in the taxpayer



receiving the refund. Thus, it is imperative that the forms and documents associated with Form 1139 be precise and timely filed.

Actions to consider

It is important for taxpayers to become aware of the opportunities

and particular nuances associated with preparing and filing Form 1139 to successfully obtain a tentative refund. Experienced tax controversy professionals can assist taxpayers by working directly with the IRS to expedite processing and the receipt of quick refunds.

For more information, please do not hesitate to contact:

Janice Flood (312) 298-2543 janice.m.flood@us.pwc.com

Devin Blackburn (312) 298-2521 devin.w.blackburn@us.pwc.com

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