Internal Revenue Service, Treasury

§ 1.441–0

Table of contents.

This section lists the captions contained in §§1.441–1 through 1.441–4 as follows:

§ 1.441–1 Period for computation of taxable income.

(a) Computation of taxable income.
   (1) In general.
   (2) Length of taxable year.
   (b) General rules and definitions.
   (1) Taxable year.
      (i) Required taxable year.
      (ii) Exceptions.
         (A) 52–53-week taxable years.
         (B) Partnerships, S corporations, and PSCs.
         (C) Specified foreign corporations.
      (3) Annual accounting period.
      (4) Calendar year.
      (5) Fiscal year.
      (i) Definition.
      (ii) Recognition.
      (6) Grandfathered fiscal year.
      (7) Books.
   (c) Adoption of taxable year.
      (1) In general.
      (2) Approval required.
         (i) Taxpayers with required taxable years.
         (ii) Taxpayers without books.
      (d) Retention of taxable year.
      (e) Change of taxable year.
         (1) Obtaining approval of the Commissioner or making a section 444 election.

§ 1.441–2 Election of taxable year consisting of 52–53 weeks.

(a) In general.
   (1) Election.
   (2) Effect.
   (3) Eligible taxpayer.
   (4) Example.
   (b) Procedures to elect a 52–53-week taxable year.
      (1) Adoption of a 52–53-week taxable year.
         (i) In general.
         (ii) Filing requirement.
      (2) Change to (or from) a 52–53-week taxable year.
         (i) In general.
         (ii) Special rules for short period required to effect the change.
      (3) Examples.
   (c) Application of effective dates.
      (1) In general.
      (2) Examples.
      (3) Changes in tax rates.
      (4) Examples.
   (d) Computation of taxable income.
   (e) Treatment of taxable years ending with reference to the same calendar month.
      (1) Pass-through entities.
      (2) Personal service corporations and employee-owners.
      (3) Definitions.
      (1) Pass-through entity.
      (ii) Owner of a pass-through entity.
      (4) Examples.
      (5) Transition rule.

§ 1.441–3 Taxable year of a personal service corporation.

(a) Taxable year.
   (1) Required taxable year.
   (2) Exceptions.
   (b) Adoption, change, or retention of taxable year.
      (1) Adoption of taxable year.
      (2) Change in taxable year.
      (3) Retention of taxable year.
      (4) Procedures for obtaining approval or making a section 444 election.
      (5) Examples.
   (c) Personal service corporation defined.
      (1) In general.
      (2) Testing period.
      (1) In general.
      (ii) New corporations.
      (3) Examples.
      (4) Performance of personal services.
§ 1.441–1

Period for computation of taxable income.

(a) Computation of taxable income—

(1) In general. Taxable income must be computed and a return must be made for a period known as the taxable year. For rules relating to methods of accounting, the taxable year for which items of gross income are included and deductions are taken, inventories, and adjustments, see parts II and III (section 446 and following), subchapter E, chapter 1 of the Internal Revenue Code, and the regulations thereunder.

(2) Length of taxable year. Except as otherwise provided in the Internal Revenue Code and the regulations thereunder (e.g., §1.441–2 regarding 52–53-week taxable years), a taxable year may not cover a period of more than 12 calendar months.

(b) General rules and definitions. The general rules and definitions in this paragraph (b) apply for purposes of sections 441 and 442 and the regulations thereunder.

(1) Taxable year. Taxable year means—

(i) The period for which a return is made, if a return is made for a period of less than 12 months (short period). See section 443 and the regulations thereunder;

(ii) Except as provided in paragraph (b)(1)(i) of this section, the taxpayer’s required taxable year (as defined in paragraph (b)(2) of this section), if applicable;

(iii) Except as provided in paragraphs (b)(1)(i) and (ii) of this section, the calendar year, if the taxpayer keeps no books, does not have an annual accounting period, or has an annual accounting period that does not qualify as a fiscal year;

(iv) Except as provided in paragraphs (b)(1)(i) and (ii) of this section, the calendar year, if the taxpayer’s annual accounting period (as defined in paragraph (b)(3) of this section), if it is a calendar year or a fiscal year; or

(2) Required taxable year—

(i) In general. Certain taxpayers must use the particular taxable year that is required under the Internal Revenue Code and the regulations thereunder (the required taxable year). For example, the required taxable year is—

(A) In the case of a foreign sales corporation or domestic international sales corporation, the taxable year determined under section 441(h) and §1.921–1T(a)(11), (b)(4), and (b)(6);

(B) In the case of a personal service corporation (PSC), the taxable year determined under section 441(i) and §1.441–3;

(C) In the case of a nuclear decommissioning fund, the taxable year determined under §1.468A–4(c)(1);

(D) In the case of a designated settlement fund or a qualified settlement fund, the taxable year determined under §1.468B–2(j);

(E) In the case of a common trust fund, the taxable year determined under section 584(i);

(F) In the case of certain trusts, the taxable year determined under section 644;

(G) In the case of a partnership, the taxable year determined under section 706 and §1.706–1;

§ 1.441–4

Effective date