

## Internal Revenue Code Section 1563(a)

### Definitions and special rules

- (a) Controlled group of corporations. For purposes of this part, the term "controlled group of corporations" means any group of—
- (1) Parent-subsidiary controlled group. One or more chains of corporations connected through stock ownership with a common parent corporation if—
    - (A) stock possessing at least 80 percent of the total combined voting power of all classes of stock entitled to vote or at least 80 percent of the total value of shares of all classes of stock of each of the corporations, except the common parent corporation, is owned (within the meaning of subsection (d)(1)) by one or more of the other corporations; and
    - (B) the common parent corporation owns (within the meaning of subsection (d)(1)) stock possessing at least 80 percent of the total combined voting power of all classes of stock entitled to vote or at least 80 percent of the total value of shares of all classes of stock of at least one of the other corporations, excluding, in computing such voting power or value, stock owned directly by such other corporations.
  - (2) Brother-sister controlled group. Two or more corporations if 5 or fewer persons who are individuals, estates, or trusts own (within the meaning of subsection (d)(2)) stock possessing more than 50 percent of the total combined voting power of all classes of stock entitled to vote or more than 50 percent of the total value of shares of all classes of stock of each corporation, taking into account the stock ownership of each such person only to the extent such stock ownership is identical with respect to each such corporation.
  - (3) Combined group. Three or more corporations each of which is a member of a group of corporations described in paragraph (1) or (2), and one of which—
    - (A) is a common parent corporation included in a group of corporations described in paragraph (1), and also
    - (B) is included in a group of corporations described in paragraph (2).
  - (4) Certain insurance companies. Two or more insurance companies subject to taxation under section 801 which are members of a controlled group of corporations described in paragraph (1), (2), or (3). Such insurance companies shall be treated as a controlled group of corporations separate from any other

corporations which are members of the controlled group of corporations described in paragraph (1), (2), or (3).