

## LIST OF WATER'S-EDGE INVALIDATION CIRCUMSTANCES

To assist in the drafting of proposed amendments to the current water's-edge election regulations, the department has prepared a list of all the circumstances in which a water's-edge election has been invalidated by the department.

In all of these cases, the taxpayer has been notified. In a large number of these cases, the taxpayer has not evidenced any intent to contest the department's invalidation and may not wish to have their "attempt" to elect validated. For example, there are currently 14 cases in which proper elections were made in subsequent years while the statute of limitations has closed for the invalidated election years. There has been no further indication from the taxpayer that they wish to perfect the earlier years. In addition, there will be a significant number of cases where the statute of limitations will expire by the end of this calendar year. Nonetheless, these taxpayers have been included in the list because they might be impacted by either the proposed legislation or possible regulations.