

Supplement to Form 511NR

OKLAHOMA NET OPERATING LOSS(ES) NONRESIDENT/PART-YEAR RESIDENTS ONLY

NOL INSTRUCTIONS...

An Oklahoma net operating loss (NOL) shall be separately determined by reference to Section 172 of the Internal Revenue Code as modified by the Oklahoma Income Tax Act and shall be allowed without regard to the existence of a Federal NOL. Therefore for additional information, use the Federal instructions for Form 1045 "Application for Tentative Refund" or Federal Publication 536 "Net Operating Losses (NOLs) for Individuals, Estates, and Trusts".

Oklahoma computes the base tax "as if" all the income were earned in Oklahoma. Therefore, an Oklahoma NOL is computed based on the figures from the "Federal Amount Column." This is the "Oklahoma NOL from all sources" and is deducted in the "Federal Amount Column."

The true Oklahoma NOL is computed using the figures from the "Oklahoma Amount Column." This is the "Oklahoma NOL from Oklahoma sources" and is deducted in the "Oklahoma Amount Column." *Note: If the taxpayer becomes a full-year resident, this is the loss which would be carried to Form 511.*

Each Oklahoma NOL is separately determined and allowed without regard to the existence of the other.

An election may be made to forego the Net Operating Loss (NOL) carryback period. A written statement of the election must be part of the timely filed Oklahoma loss year return or to an amended return for the NOL year filed within six months of the due date of your original return (excluding extensions).

- For a 1993 Oklahoma NOL, the loss carryback shall be for a period of three years.
- For a 1994 Oklahoma NOL, the loss carryback shall be for a period of two years.
- For a 1995 Oklahoma NOL, the loss carryback shall be for a period of one year.
- * For 1996 through 2000 Oklahoma NOLs, no loss carryback shall be allowed.
- For 1993 through 2000 Oklahoma NOLs, the NOL carryforward shall not exceed 15 years.
- * For 2001 and subsequent Oklahoma NOLs, the loss carryback and carryforward periods shall be determined by reference to Section 172 of the Internal Revenue Code. An election may be made to forego the NOL carryback period. A written statement of the election must be part of the timely filed Oklahoma loss year return or to an amended return for the NOL year filed within six months of the due date of your original return (excluding extensions).

** Note:*

For tax year 2000 and subsequent years, a NOL that is a result of a farming loss may be carried back in accordance with the provisions contained in the Internal Revenue Code. However, the amount of the NOL carryback shall not exceed the lesser of \$60,000.00 or the loss properly shown on the Federal Schedule F reduced by 1/2 of the net income from all other sources other than reflected on Schedule F.

You can choose to treat a farming loss as if it were not a farming loss. To make this choice, attach a statement to your loss year return stating that you are choosing to treat the farming loss as if it were not a farming loss under Section 172(i)(3) of the Internal Revenue Code.

SCHEDULE A INSTRUCTIONS

Oklahoma NOL from All Sources (Federal Amount Column)

The "Oklahoma NOL from all sources" is computed using NOL Schedule A. The Adjusted Gross Income - all sources (511NR) is reported on Schedule A, line 1. All of the itemized or Oklahoma standard deduction are used in the computation.

Oklahoma NOL from Oklahoma Sources (Oklahoma Amount Column)

The "Oklahoma NOL from Oklahoma sources" is computed using NOL Schedule A.

The Adjusted Gross Income - Oklahoma Sources (511NR) is to be reported on Schedule A, line 1. The following steps will be used to calculate the itemized deductions attributable to the Oklahoma NOL. If using Oklahoma standard deductions, all of the standard is attributable to the Oklahoma NOL.

	EXAMPLE A	EXAMPLE B	TAXPAYER'S USE
1. All nonbusiness itemized deductions	10,000.00	5,000.00	
2. All nonbusiness income (including nonbusiness capital gains)	8,000.00	8,000.00	
3. Enter lesser of lines 1 and 2.	8,000.00	5,000.00	
4. Net out-of-state income.	3,000.00	3,000.00	
5. Subtract line 4 from line 3. (Do not enter an amount less than zero.)	5,000.00	2,000.00	
6. Business itemized deductions.	1,000.00	1,000.00	
7. Total itemized deductions attributable to Oklahoma. Add lines 5 and 6, enter here and on line 2a NOL Schedule A.	6,000.00	3,000.00	

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FORM 511NR-NOL

511NR-NOL Schedule A

Taxpayer's first name and initial Last name

Taxpayer Social Security Number

TAX YEAR: "Federal Amount Column" NOL or "Oklahoma Amount Column" NOL (Check One)

1. Adjusted gross income from Oklahoma NOL Schedule A instructions... 2. a. Enter amount from the Schedule A Instructions... b. Enter Adjustments to Oklahoma Adjusted Gross Income... c. Multiply \$1,000 by the total number of exemptions... d. Add lines 2a, 2b, and 2c... 3. Combine lines 1 and 2d. Enter the total here... Note: If line 3 is zero or more, do not complete remainder of schedule. There is no net operating loss.

ADJUSTMENTS: Lines 4 - 26 are entered as positive numbers.

4. Exemptions from line 2c above... 5. Enter Oklahoma nonbusiness capital losses (before limitation)... 6. Enter Oklahoma nonbusiness capital gains (without regard to any Section 1202 exclusion)... 7. If line 5 is larger than line 6, enter difference; otherwise enter zero... 8. If line 6 is larger than line 5, enter difference; otherwise enter zero... 9. Oklahoma nonbusiness deductions... 10. Oklahoma nonbusiness income - other than capital gains... 11. Add lines 8 and 10... 12. If line 9 is larger than line 11, enter difference; otherwise, enter zero... 13. If line 11 is larger than line 9, enter difference (but do not enter more than line 8); otherwise, enter zero... 14. Enter Oklahoma business capital losses (before limitation)... 15. Enter Oklahoma business capital gains (without regard to any Section 1202 exclusion)... 16. Add lines 13 and 15... 17. If line 14 is larger than line 16 enter difference; otherwise, enter zero... 18. Add lines 7 and 17... 19. Enter Net Oklahoma Loss, if any, included in line 17 (1997 - 2003) or line 18 (1995 and 1996) of Schedule D (Form 1040)... 20. Oklahoma Section 1202 exclusion... 21. Subtract line 20 from line 19. If zero or less, enter zero... 22. Enter Net Oklahoma Loss, if any, included in line 18 (1997 - 2003) or line 19 (1995 and 1996) of Schedule D (Form 1040)... 23. If line 21 is more than line 22, enter difference; otherwise enter zero... 24. If line 22 is more than line 21, enter difference; otherwise enter zero... 25. Subtract line 23 from line 18. If zero or less, enter zero... 26. Oklahoma NOL from other years... 27. Combine lines 3, 4, 12, 20, 24, 25 and 26... Note: If more than zero, enter zero. You do not have a Net Operating Loss.

A copy of your Federal return is required.

