

Oklahoma Net Operating Loss Full 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".

- 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 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).

*** Notes:**

1. A net operating loss that is a result of the May 3, 1999 tornado may be carried back in accordance with the provisions contained in the Internal Revenue Code.

2. For tax year 2000 and subsequent, a net operating loss (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 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.

Computation of Itemized Deductions

When there is positive out-of-state income, the following steps, A or B, will be used to calculate the itemized deductions attributable to the Oklahoma NOL. When determining if there is positive out-of-state income, out-of-state income and out-of-state losses should be netted together. When there is no positive out-of-state income, all of the itemized deductions will be claimed on the Oklahoma NOL computation, go directly to Schedule A. If using standard deduction, go directly to Schedule A.

- A. When there is a positive Oklahoma Adjusted Gross Income and positive out-of-state income, the amount of itemized deductions allowable is the Oklahoma pro rata share, as per the instructions on the Oklahoma Return.
- B. When there is a negative Oklahoma Adjusted Gross Income and positive out-of-state income, the allowable portion of the itemized deductions is computed as follows. The total allowable nonbusiness deductions cannot exceed the amount of nonbusiness income.

		Example A	Example B	Taxpayer's Use
1.	Nonbusiness itemized deductions	10,000.00	5,000.00	
2.	Nonbusiness income (including non-business 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	

511NOL Schedule A

Taxpayer's first name and initial

Last name

Taxpayer Social Security Number

Grid for Social Security Number

COMPUTATION OF OKLAHOMA NET OPERATING LOSS FOR TAX YEAR

Table with 3 columns: Description, Amount, and Total. Rows 1-3 include Oklahoma adjusted gross income, deductions, and total.

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

Main table with 3 columns: Description, Amount, and Total. Rows 4-27 include various adjustments and final net operating loss calculation.

Note: If more than zero, enter zero. You do not have a Net Operating Loss.

A copy of your Federal return is required.

