

State of New Mexico - Taxation and Revenue Department
Net Operating Loss Carryforward Schedule
Instructions

Purpose of this form.

Use this form to compute your New Mexico net operating loss (NOL) carryforward. This schedule must be attached to the New Mexico Form PIT-1, *Personal Income Tax Return*, when reporting a NOL deduction from a carryforward.

Report on Schedule PIT-ADJ, line 7, the NOL carryforward amount to be applied against New Mexico taxable income for the current year, but only if:

- Your current federal tax return shows a net operating loss carry-forward amount, or
- You have an unused New Mexico net operating loss carry-forward amount from a previous year.

All New Mexico net operating losses must flow from a federal net operating loss. You cannot have a New Mexico net operating loss without first having a federal net operating loss.

When you calculate New Mexico taxable income using a New Mexico net operating loss carry-forward amount, federal rules apply for modifications to exemptions and taxable income. Use your New Mexico net operating loss carry-forward against taxable income *before* you apply your personal and dependent exemptions.

To compute the carry-forward amount from a New Mexico net operating loss recognized in a previous year, add together the federal adjusted gross income (AGI) figure, any federal net operating loss carry-back or carry-forward deduction, and any other income not included in federal adjusted gross income, but upon which a federal tax is calculated (except amounts for which a tax calculation is made according to the alternative minimum tax under Section 55 of the Internal Revenue Code). From that total, subtract the federal standard or itemized deduction. The result is the maximum amount of New Mexico net operating loss that may be applied to the current tax return.

Attach New Mexico Form RPD-41369, *Net Operating Loss Carryforward Schedule*, to your return showing the tax year when each New Mexico net operating loss occurred. The schedule also should list each loss for each tax year for which it was carried forward, including the current year.

Unlike a federal net operating loss carry-forward, a New Mexico net operating loss incurred in tax years after 1990 *cannot be carried back* and may only be carried forward for five years or until the total amount of the loss carryover has been used, whichever occurs first. You cannot apply a New Mexico net operating loss carry-

forward until the following tax year -- provided you have filed a timely return -- or until the first tax year that begins after the date you file a return establishing the loss.

Line Instructions

Tax Year. Enter the month, day and year of the last day of the tax year. The numeric date format to use is mm/dd/yyyy.

Net operating loss incurred. If a net operating loss occurred during the tax year reported in the first column, enter the amount of the net operating loss.

Taxable Income before applying any net operating loss carryforward. Enter the New Mexico taxable income before applying any net operating loss carryforward for the tax year reported in column 1.

Loss used. Enter the net operating loss used during the current tax year. This amount should be the same amount you entered on line 7, Schedule PIT-ADJ, for the current tax year. Total this column

Year loss applied. At the top of the column, enter the last day of the tax year in which the NOL in column 2 was used. Enter the oldest tax year first. Enter the month, day and year of the last day of the tax year. The numeric date format to use is mm/dd/yyyy. In the applicable row, enter the amount of loss that was used in the tax year indicated at the top of the column. Continue until you have reported all years in which the net operating loss in the second column, if any, was applied. Do not include the carryover year which is included in the 4th column, "Loss used".

NOL Expired. Enter the amount of NOL which cannot be deducted due to expiration of the carryforward period. Net operating losses may be carried forward for five years or until the total amount of the loss carryover has been used, whichever occurs first.

NOL Carryforward available for next year. Enter the amount of NOL available to be carried forward to the next year.