

State of New Mexico - Taxation and Revenue Department
2012 New Mexico Net Operating Loss Carryforward Schedule

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| Taxpayer's name | SSN |
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Purpose of this form.

Use this form to compute your excludable New Mexico net operating loss (NM NOL) carryforward deduction from the current year New Mexico personal income tax. For each prior-year NM NOL carryforward, also show how the credit was used in Columns 4 through 6. In Column 7, show the balance of NM NOL carryforward available for next tax year. This schedule must be filed with the New Mexico 2012 Form PIT-1, *Personal Income Tax Return*, if reporting a NM NOL deduction from a carryforward on Schedule PIT-ADJ, line 7.

| Col. 1 Tax Year | Col. 2 Net operating loss incurred (in the year in Column 1) | Col. 3 2012 NM net income before NM NOL (From Worksheet 2, line 7) | Col. 4 2012 Loss used (The sum of Col. 4 cannot be greater than Col. 3 for tax year 2012.) | Col. 5 If the NM NOL reported in Col. 2 was used in previous years, enter the amount in the column corresponding to the year in which the NM NOL was used. | | | | | | | Col. 6 NM NOL Expired | Col. 7 NM NOL Carryforward available for next year |
|--------------------|---|---|---|---|------|------|------|------|------|------|--------------------------|---|
| | | | | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 | | |
| 2012 | | | | | | | | | | | | |
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Line 1. Loss used during 2012 tax year.
Enter the sum of Column 4.

Line 1 must equal line 9 from Worksheet 2.
Also enter this amount on Schedule PIT-ADJ, line 7.

Complete the above Carryforward Schedule using the instructions and Worksheets 1 and 2 in these instructions. Do not submit Worksheets 1 and 2 to the Department. Worksheet 1 provides guidance for computing the NM NOL incurred in prior years. Use Worksheet 2 to compute the 2012 NM net income before NM NOL in Column 3.

Line 1 of the schedule above, is the sum of the NM NOL carryforward loss used in the 2012 tax year (the sum of Column 4). The amount in line 1 of the worksheet is entered on 2012 Schedule PIT-ADJ, line 7. For each row showing a prior-year NM NOL incurred, complete the row showing when the NM NOL was incurred, how it has been used, and the NM NOL carryforward balance available next year.

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About the New Mexico Net Operating Loss

All New Mexico Net Operating Losses (NM NOL) must flow from a federal net operating loss. You cannot have a NM NOL without first having a federal net operating loss.

Unlike a federal net operating loss carryforward, a NM NOL 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 carryforward has been used, whichever occurs first. You cannot apply a NM NOL carryforward 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.

Instructions for completing the NM NOL Carryforward Schedule

Column 1. Enter the tax year in which a NM NOL was incurred to which a NM NOL carryforward is available to be used in the current year. Row 1 includes only information for the 2012 tax year. Subsequent rows are to be used for prior-year NM NOLs.

Column 2. Enter the amount of NM NOL that was incurred during the year in column 1. You may use Worksheet 1, below to determine the amount of NM NOL incurred in the tax year of the loss. When completing Worksheet 1, use the information from the PIT-1 tax return filed for the year the NM NOL was incurred.

Column 3. Enter the 2012 NM net income before any NM NOL carryforward is applied. Complete Worksheet 2, using the information from your 2012 PIT-1 return on the next page. Transfer the amount **from line 7 of Worksheet 2** to the NOL Carryforward Schedule, Column 3, Row 1. For any other year, leave this column blank.

Column 4. Enter the portion of the NM NOL incurred (Col. 2) that was used during tax year 2012. The total of Column 4 (Line 1) must be equal to line 9 of Worksheet 2, and may not exceed the current year NM net income before NM NOL carryforward Column 3, row 1. This is your excludable NM NOL used in the current tax year. This amount must match the amount you entered on Schedule PIT-ADJ, line 7, New Mexico Net Operating Loss.

Column 5 - Year loss applied. - These columns are used to record how a prior-year NM NOL was used. For each prior-year NM NOL incurred complete Column 5 showing the year(s) the loss was used and the amount of NM NOL that was used in the year listed at the top of column.

Column 6 - NOL expired. Enter the amount of NM NOL that expires in the current year because the balance of the remaining NM NOL balance cannot be carried forward for more than 5 years. Unlike a federal net operating loss carryforward, 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 NM NOL carryforward 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.

Column 7, NOL carryforward available for next year, Enter the amount of NM NOL that will be available for carryforward to next year. From the NM NOL incurred and reported in Column 2, subtract the amounts included in Columns 4 through 6.

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| Worksheet 1, for Column 2 of the Carryforward Schedule. Computing the NM NOL incurred in prior years. | |
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| Line 1. Federal NOL as defined by Section 172(c) of the Internal Revenue Service for the tax year of the loss. | |
| Line 2. Interest received on U.S. Government obligations less related expenses and reported on the New Mexico tax return for the tax year. This amount is reported on Schedule PIT-ADJ, in the tax year of the loss. | |
| Line 3. Enter the sum of lines 1 and 2. This is the NM NOL loss incurred in the year of the loss to be reported in column 2 of the Carryforward Schedule. | |

| Worksheet 2, for Columns 3 and 4 of the Carryforward Schedule. Computing the net income before NM NOL is applied and the loss used in the current tax year. | | |
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| From the 2012 PIT-1: | | |
| 1. | Enter the federal adjusted gross income, reported on Form 2012 PIT-1, line 9. | |
| 2. | + | Enter the amount of state and local income or general sales tax deduction reported on Form 2012 PIT-1, line 10. |
| 3. | + | Enter the additions to federal income from Form 2012 PIT-1, line 11. |
| 4. | - | Enter the itemized or standard deduction amount reported on Form 2012 PIT-1, line 12. |
| 5. | - | Enter the federal exemption amount reported on Form 2012 PIT-1, line 13. |
| 6. | - | Enter the taxable refunds, credits or offsets of state and local income taxes, reported on Schedule 2012 PIT-ADJ, line 20. |
| 7. | = | Enter the sum of lines 1, 2 and 3, less the sum of lines 4 through 6, but not below zero. This is the net income before the NM NOL is applied. Enter in Column 3. |
| 8. | | Enter the sum of prior year NM NOL carryforward available. |
| 9. | | Enter the lesser of lines 7 and 8. This is the excludable New Mexico NOL carryforward amount. Also enter this amount in line 1, at the bottom of Column 4. |

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Example:

In tax year 2012, taxpayer X has tax due and wishes to carryforward its prior-year losses to offset the income on the 2012 personal income tax return. X incurred a NM NOL in 2007 in the amount of \$48,000, and in tax year 2008 in the amount of \$97,000. In tax years 2009, 2010 and 2011, X computed its current year net income before NM NOL is applied, to be \$7,000, \$1,500 and \$2,500, respectively. X used the NM NOL incurred in tax year 2007 towards the net income for tax years 2009, 2010 and 2011. For the current tax year 2012, X computes the net taxable income before NM NOL to be \$8,000. X may use the loss incurred in 2007 towards the 2012 net income. X cannot carryforward the balance of the 2007 NM NOL for more than 5 years, so Column 6 reports the amount of NM NOL that expires during 2012, and may not be excluded from NM net income during 2013. X completes Form RPD-41369, as follows:

| Col. 1 Tax Year | Col. 2 Net operating loss incurred (in the year in Column 1) | Col. 3 2012 NM net income before NM NOL (From Worksheet 2, line 7) | Col. 4 2012 Loss used (The sum of Col. 4 cannot be greater than Col. 3 for tax year 2012.) | Col. 5 If the NM NOL reported in Col. 2 was used in previous years, enter the amount in the column corresponding to the year in which the NM NOL was used. | | | | | | | Col. 6 NM NOL Expired | Col. 7 NM NOL Carryforward available for next year |
|--|--|---|--|---|-------|-------|------|------|------|--------|-----------------------------|--|
| | | | | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 | | |
| 2012 | | 8,000 | | | | | | | | | | |
| 2008 | 97,000 | | | | | | | | | | 97,000 | |
| 2007 | 48,000 | | 8,000 | 2,500 | 1,500 | 7,000 | | | | 29,000 | 0 | |
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| Line 1. Loss used during 2012 tax year. Enter the sum of Column 4. | | | 8,000 | Line 1 must equal line 9 from Worksheet 2. Also enter this amount on Schedule PIT-ADJ, line 7. | | | | | | | | |