

**NET OPERATING LOSS SCHEDULE****2018**

➤ See instructions. ➤ Attach to Form 720.

Name of Corporation	Federal Identification Number _____ - _____	Kentucky Corporation/LLET Account Number _____
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PART I—MANDATORY NEXUS CONSOLIDATED RETURN

Section A—Current Net Operating Loss Adjustment			A		Includible Corporations				Prior Year Consolidated Parent		
					B		C		D		
Name			Kentucky Corporation/LLET Account Number		Prior Year's NOL Carryforward		Kentucky Net Income		Kentucky Net Losses (Enter as a Positive)		
									Name		
									Kentucky Corporation/LLET Account Number		
1	Parent			00		00		00			
2	Subsidiaries										
(a)				00		00		00			
(b)				00		00		00			
(c)				00		00		00			
(d)				00		00		00			
(e)				00		00		00			
3	Totals (add Columns A, B, and C)		3	00		00		00			
4	Limitation—Income (Column B, line 3 multiplied by 50%).....									4	00
5	Total NOL (add Column A, line 3 and Column C, line 3)									5	00
Complete line 6 only if Column C, line 3 is greater than line 4.											
6	Disallowed loss, Column C, line 3, less line 4. Enter here and on Form 720, Part III, line 18.....									6	00
Complete line 7 only if line 4 is greater than Column C, line 3.											
7	Additional NOLD (see worksheet in instructions). Enter as a negative amount here and on Form 720, Part III, line 18.....									7	00

Section B—NOL Carryforward (Mandatory Nexus Consolidated)

1 Total current year and prior year NOL (Enter amount from Section A, line 5).....	1		00
2 Limitation (Enter amount from Section A, line 4).....	2		00
3 Total NOL carryforward (Section B, line 1 less Section B, line 2) If less than zero, enter -0-	3		00

PART II—SEPARATE ENTITY RETURN—NOL Carryforward (Enter all amounts as a positive)

1 Carryforward from prior year (2017 Schedule NOL, Part II, line 4).....	1		00
2 Current year NOL from Form 720, Part III, line 20	2		00
3 NOLD from Form 720, Part III, line 21	3		00
4 Total NOL carryforward to 2019 (line 1 plus line 2 less line 3).....	4		00

Purpose of Schedule—Part I of this schedule is used by an affiliated group that is required to file a mandatory nexus consolidated return per KRS 141.200(11) to determine the net operating loss limitation per KRS 141.200 and to track any available net operating loss carryforward. Part II of this schedule is used by a corporation filing a separate return per KRS 141.200(10) to track any available net operating loss carryforward.

Part I – Mandatory Nexus Consolidated Return

General Instructions—Part I, Sections A and B of this schedule are used by an affiliated group filing a mandatory nexus consolidated return to determine the amount of net operating loss (NOL) deduction that can be utilized during the current tax year and to track any available net operating loss carryforward (NOL carryforward).

KRS 141.200(11)(c) provides that includible corporations that have incurred a net operating loss must not deduct an amount that exceeds, in the aggregate, 50 percent (50%) of the income realized by the remaining includible corporations that did not realize a net operating loss.

Any prior year NOL carryforward is utilized first in meeting the fifty percent (50%) limitation.

A current year NOL or an NOL carryforward as applied to a mandatory nexus consolidated return is the pre-apportioned net operating loss or pre-apportioned net operating loss carryforward. Consequently, NOL carryforwards that are apportioned may be converted to pre-apportioned amounts. However, a corporation that does not wish to convert the NOL carryforward to a pre-apportioned amount may carry the NOL carryforward as an apportioned amount.

If the corporation does not convert an apportioned NOL carryforward to a pre-apportioned amount, the apportioned NOL carryforward is binding for all future years. Should the corporation wish to convert the apportioned NOL carryforward to a pre-apportioned NOL carryforward in a future year, all tax returns filed that included the apportioned NOL carryforward must be amended. Also, using an apportioned NOL carryforward does not affect the 50 percent (50%) limitation per KRS 141.200(11)(c) and, accordingly, the apportioned NOL carryforward is included in Part I, Section A of this schedule.

A corporation does not have an NOL carryforward if it did not have Kentucky nexus during the tax year of the NOL. An NOL generated for a taxable year beginning before January 1, 2018, may be carried forward 20 years following the loss year; however, per KRS 141.011(2), an NOL must not be carried back for tax years beginning on or after January 1, 2005.

Net operating losses generated on or after January 1, 2018, may only offset up to 80% of taxable income, but any unused amounts are available for carryforward indefinitely.

Section A – Current Net Operating Loss Adjustment

Line 1—Enter the name and Kentucky Corporation/LLET account number of the parent.

Line 2 (a) – (e)—Enter the name and Kentucky Corporation/LLET account number of the subsidiary(ies).

Column A—Enter the prior year's NOL carryforward of the parent and each subsidiary.

Column B—Enter only Kentucky net income of includible corporations from Schedule KCR, Line 17. The amounts entered should be net of intercompany eliminations.

Column C—Enter only Kentucky net losses of includible corporations from Schedule KCR, Line 17. The amounts entered should be net of intercompany eliminations. **Enter as a positive amount.**

Column D—If a subsidiary was a member of a different consolidated group in the prior year, enter the name and Kentucky Corporation/LLET Account number of the parent of the prior consolidated group.

Line 3—Enter the totals for Columns A, B, and C. Reflect all columns as positive amounts.

Line 4—Multiply Column B, Line 3 by 50 percent (.50) to calculate the limitation per KRS 141.200(11)(c).

Line 5—Add Column A, Line 3 and Column C, Line 3. This is the total of the prior year NOL carryforward and current year loss(es). Enter as a positive amount.

Line 6—The amount of the current year net operating loss(es) that exceed(s) the 50 percent loss limitation. It is an add back in computing Kentucky net income and is entered on Form 720, Part III, Line 18. If an amount is entered on Line 6, skip to Section B. **Use worksheet below.**

Worksheet—Line 6

1. Amount from Column C, Line 3\$ _____
2. Amount from Line 4.....\$ _____
3. Line 1 less Line 2. Enter here and on Part I, Section A, Line 6 (If less than zero, skip and complete Line 7).....\$ _____

Line 7—If the amount of loss limitation on Line 4 is greater than the net operating loss(es) on Column C, Line 3, a prior year NOL carryforward can be used to meet the 50 percent loss limitation. Enter the lesser of Line 4 less Column C, Line 3, or the amount entered on Column A, Line 3. If the amount of Line 4 less Column C, Line 3, is greater than Column A, Line 3, enter the amount from Column A, Line 3. Enter the amount on Form 720, Part III, Line 18. This is a deduction in computing Kentucky net income. **Use worksheet below.**

Worksheet—Line 7

1. Amount from Line 4.....\$ _____
2. Amount from Column C, Line 3.....\$ _____
3. Line 1 less Line 2. (If less than zero,
skip and complete Line 6 above)\$ _____
4. Amount from Column A, Line 3.....\$ _____
5. Lesser of Line 3 or Line 4. Enter
here and on Part I, Section A,
Line 7.....\$ _____

Section B – NOL Carryforward (Mandatory Nexus Consolidated)

General Instructions – Part I, Section B is used by an affiliated group filing a mandatory nexus consolidated return per KRS 141.200(11) to track any available net operating loss carryforward. Follow the instructions on Lines 1 through 3.

Part II – Separate Entity Return

NOL Carryforward

General Instructions – Part II is used by a corporation filing a separate entity return per KRS 141.200(10) to track any available net operating loss carryforward. Follow the instructions on Lines 1 through 4.