



Department of Taxation

Rev. 8/18

Ohio Schedule IT NOL – Net Operating Loss Carryback



10211411

Check the box on the front of Ohio IT 1040 indicating that you are amending for a NOL and include this form with the amended return. If you are carrying back a NOL to more than one previous year, you should complete the Ohio IT 1040 for the earliest year first.

Taxpayer name _____ SSN _____

- 1. Year in which the NOL occurred..... 1. _____
- 2. Amount of NOL for the year in which the NOL occurred 2. _____
- 3. Filing date of federal 1040 for the year in which the NOL occurred 3. _____
- 4. Federal refund amount requested on the federal 1045 or 1040X 4. _____
- 5. Date the IRS approved the refund request..... 5. _____

Have you completed this schedule for an earlier taxable year for the NOL set forth above?

- Yes. Stop, you do not have to complete this schedule, but include the schedule you did complete.
- No. You must complete the remainder of the NOL schedule.

- 6. Depreciation add-back, if any, from Ohio IT 1040, Schedule A for the year in which the NOL occurred..... 6. _____
- 7. NOL eligible for carryback for Ohio income tax purposes (line 2 minus line 6). If less than zero, enter -0-, you are not eligible for the five-year carryback period. Otherwise proceed to line 8. 7. _____

If you are claiming a five-year carryback period for federal income tax purposes, begin with line 8. If you are claiming a four-year carryback period for federal income tax purposes, leave line 8 blank, enter -0- on line 9 and complete the remaining lines. If you are claiming a three-year carryback period for federal income tax purposes, leave lines 8 and 11 blank, enter -0- on lines 9 and 12 and complete the remaining lines. If you are claiming a two-year carryback period for federal income tax purposes, leave lines 8, 11 and 14 blank, enter -0- on lines 9, 12 and 15 and complete the remaining lines.

Lines 8 through 15 are for use only by taxpayers who qualify for the five-year NOL carryback for federal income tax purposes.

- 8. Ending date for fifth preceding taxable year..... 8. _____
- 9. Modified taxable income from the federal 1045, Schedule B, line 9 for fifth preceding year 9. _____
- 10. NOL carryback to fourth preceding taxable year. Line 7 minus line 9. If less than zero, enter -0- 10. _____
- 11. Ending date for fourth preceding taxable year 11. _____
- 12. Modified taxable income from the federal 1045, Schedule B, line 9 for fourth preceding year 12. _____
- 13. NOL carryback to third preceding taxable year. Line 10 minus line 12. If less than zero, enter -0- 13. _____
- 14. Ending date for third preceding taxable year..... 14. _____
- 15. Modified taxable income from the federal 1045, Schedule B, line 9 for third preceding year 15. _____
- 16. NOL carryback to second preceding taxable year. Line 13 minus line 15. If less than zero, enter -0-..... 16. _____
- 17. Ending date for second preceding taxable year..... 17. _____
- 18. Modified taxable income from the federal 1045, Schedule B, line 9 for second preceding year..... 18. _____
- 19. NOL carryback to first preceding taxable year. Line 16 minus line 18. If less than zero, enter -0- 19. _____
- 20. Ending date for first preceding taxable year..... 20. _____
- 21. Modified taxable income from the federal 1045, Schedule B, line 9 for first preceding year..... 21. _____
- 22. NOL carryover to the immediately following taxable year. Line 19 minus line 21. If less than zero, enter -0-..... 22. _____

Note: If the only change to your federal adjusted gross income (Ohio IT 1040, line 1) is due to the NOL carryback, the difference between the line 1 amounts on the original and amended returns will be the lesser of line 7 above, or the federal modified taxable income on the federal 1045 for the earliest taxable year for which you entered information above.



10211411

Ohio Schedule IT NOL Instructions

Net Operating Losses (NOL)

Be sure to complete and include Ohio Schedule IT NOL, Net Operating Loss Carryback, shown on page 1 and check the box on the front of the IT 1040 indicating that you are amending for a NOL.

Your NOL carryback deduction on the Ohio amended income tax return is limited by the following:

- the amount of your federal itemized deductions and personal exemption amounts allowed in the carryback year; AND
- the depreciation adjustment discussed below.

Itemized Deductions and Exemptions: Federal exemptions and itemized deductions cannot be used for purposes of calculating the carryback on your Ohio return. These amounts are deducted after federal adjusted gross income, which is the starting point in calculating Ohio adjusted gross income. This is why this schedule uses your federal modified taxable income when calculating your carryback.

Depreciation Adjustment: If the federal NOL carryback/carryforward reflects either Internal Revenue Code (I.R.C.) section 168(k) bonus depreciation or I.R.C. section 179 expensing, then you must reduce the federal net operating loss carryback/carryforward amount by both of the following:

- adjustment for the I.R.C. section 168(k) bonus depreciation; AND
- adjustment for the excess of the I.R.C. section 179 amount over the amount that would have been allowed based upon I.R.C. section 179 in effect on Dec. 31, 2002

For more information, please see Ohio Revised Code (R.C.) section 5747.01(A)(20) as well as our Frequently Asked Questions on our website at tax.ohio.gov.

Additionally, in tax years with an NOL, an NOL carryback or an NOL carryforward, you cannot claim the fractional deduction of a prior year depreciation addback that you would otherwise be entitled to claim under R.C. 5747.01(A)(21)(a). Instead, you must carry the deduction forward to the next taxable year in which you have no NOL, carryback, or carryforward. See R.C. 5747.01(A)(21)(c).

Example: In 2016 Maria reported \$800,000 in federal adjusted gross income. Maria's 2016 original federal return reflected \$350,000 in itemized deductions and personal exemption amounts. Maria's 2016 federal modified taxable income was \$450,000.

In 2018 Maria incurred a federal NOL of \$1,000,000 including an I.R.C. section 168(k) bonus depreciation deduction of \$300,000. Maria is required to add back the entire depreciation amount of \$300,000 on her 2018 Ohio Schedule A. Therefore, Maria must first reduce the federal NOL by the depreciation addback amount. This means Maria has an NOL of \$700,000 available to carryback on her Ohio returns.

The deduction on Maria's 2016 Ohio amended income tax return for the NOL carryback from taxable year 2018 is limited to \$450,000 (the amount of the year 2016 federal modified taxable income). Maria can use the remaining \$250,000 of the year 2018 NOL for taxable years 2017 and later.

In 2015, Maria reported a section 179 depreciation addback on her Ohio Schedule A of \$500,000. Based on this addback, she reported a corresponding deduction on Ohio Schedule A of \$100,000 on her 2016 and 2017 original filings.

However, due to the federal NOL in 2018, Maria cannot recognize the scheduled \$100,000 deduction. Also, due to carrying back the NOL to 2016 and 2017, she must remove the \$100,000 deductions when amending for those tax years.

The deductions for all three years can be carried forward to the next tax year that does not have an NOL, an NOL carryback or carryforward. Assuming this is tax year 2019, Maria would report an Ohio Schedule A deduction of \$400,000 (the three years carried forward plus the scheduled deduction for 2019).

Federal Privacy Act Notice

Because we require you to provide us with a Social Security number, the *Federal Privacy Act of 1974* requires us to inform you that providing us with your Social Security number is mandatory. Ohio Revised Code sections 5703.05, 5703.057 and 5747.08 authorize us to request this information. We need your Social Security number in order to administer this tax.