



Enter name(s) as shown on tax return.

Social Security or Federal Identification Number

--	--	--	--	--	--	--	--	--	--

**PART I—CURRENT YEAR NET OPERATING LOSS**

**Note:** PART I should only be used if you have a loss for the current tax year

**SECTION A—Calculate your current year net operating loss**

1 Enter amount from Form 740, line 9 (Form 740-NP, line 9) (estates and trusts, skip lines 1 and 2).....	1		00
2 Enter deductions from Form 740, line 10 (Form 740-NP, line 10 or 12).....	2	(	00 )
3 Combine lines 1 and 2 (estates and trusts, enter taxable income) .....	3		00

**Note:** If line 3 is zero or more, do not complete Part I, Section A or B. Continue to Part II if you have a prior year NOL carryforward.

**Adjustments**

4 Enter your nonbusiness capital losses (enter as a positive number).....	4		00
5 Enter your nonbusiness capital gains (see federal 1045 instructions) .....	5		00
6 If line 4 is more than line 5, enter difference; otherwise, enter -0- .....	6		00
7 If line 5 is more than line 4, enter difference; otherwise, enter -0- .....	7		00
8 Nonbusiness deductions .....	8		00
9 Nonbusiness income (other than capital gains) .....	9		00
10 Add lines 7 and 9.....	10		00
11 If line 8 is more than line 10, enter difference; otherwise, enter -0- .....	11		00
12 If line 10 is more than line 8, enter difference (but do not enter more than line 7); otherwise, enter -0- .....	12		00
13 Enter your business capital losses (enter as a positive number) .....	13		00
14 Enter your business capital gains.....	14		00
15 Add lines 12 and 14.....	15		00
16 If line 13 is more than line 15, enter difference; otherwise, enter -0-.....	16		00
17 Add lines 6 and 16.....	17		00
18 Enter the loss, if any, from federal Form 1040, Schedule D, line 16. (Estates and trusts, enter the loss, if any, from Form 741, Schedule D, line 17, column 3.) Enter as a positive number. If you do not have a loss on that line (and do not have a Section 1202 exclusion), skip lines 18 through 23 and enter on line 24 the amount from line 17.....	18		00
19 Enter Section 1202 exclusion. Enter as a positive number .....	19		00
20 Subtract line 19 from line 18.....	20		00
21 Enter the loss from federal Form 1040, Schedule D, line 21. (Estates and trusts, enter the loss from Form 741, Schedule D, line 18.) Enter as a positive number.....	21		00
22 If line 20 is more than line 21, enter the difference; otherwise, enter -0- .....	22		00
23 If line 21 is more than line 20, enter the difference; otherwise, enter -0- .....	23		00
24 Subtract line 22 from line 17.....	24		00
25 Add lines 11, 19, 23, and 24.....	25		00
26 Combine lines 3 and 25. This is your <b>current year net operating loss</b> . Continue to Part I, Section B .....	26		00

**Note:** If line 26 is zero or more, you do not have a current year net operating loss. Continue to Part II if you have prior year net operating loss.



**SECTION B—Calculate your net operating loss carryforward**

1	Pre-2018 NOL Carryforward. This is the <b>pre-2018 NOL Carryforward to 2026</b> .....	1		00
2	Post-2017 NOL Carryforward .....	2		00
3	Current year net operating loss from Part I, Section A, line 26 (enter as a positive) .....	3		00
4	Excess business losses (see instructions)(enter as a positive) .....	4		00
5	Add lines 2 through 4. This is the <b>post-2017 NOL carryforward to 2026</b> .....	5		00

**PART II—NET OPERATING LOSS DEDUCTION (NOLD)**

**Note:** If you have a current year net operating loss do not complete Part II.

**SECTION A—Calculate your net operating loss deduction (NOLD)**

1	Pre-2018 NOL Carryforward (enter as a positive) .....	1		00
2	Post-2017 NOL Carryforward (enter as a positive) .....	2		00
3	Taxable income without NOL (if negative STOP, you should complete Part I).....	3		00
4	Enter the lesser of line 3 or line 1. This is the pre-2018 NOLD .....	4		00
5	Subtract line 4 from line 3. This is the taxable income remaining after pre-2018 NOLD.....	5		00
6	Multiply line 5 by 80% (.80). This is the maximum allowable post-2017 NOLD.....	6		00
7	Enter the lesser of line 6 or line 2. This is the post-2017 NOLD .....	7		00
8	Add line 4 and 7. This is the total NOLD. Enter here and on Schedule M, line 16 or 740-NP, Column B, line 16 .....	8		00

**SECTION B—Calculate prior year net operating loss carryforward**

1	Enter the amount from Part II, line 1 .....	1		00
2	Enter the amount from Part II, line 4.....	2		00
3	Subtract line 2 from line 1. This is the <b>pre-2018 NOL carryforward to 2026</b> .....	3		00
4	Enter the amount from Part II, line 2.....	4		00
5	Excess business losses (see instructions)(enter as a positive).....	5		00
6	Add lines 4 and 5 and enter amount here.....	6		00
7	Enter the amount from Part II, line 7 .....	7		00
8	Subtract line 7 from line 6. This is the <b>post-2017 NOL carryforward to 2026</b> .....	8		00

## INSTRUCTIONS FOR SCHEDULE KNOL

**Purpose of Schedule**—Schedule KNOL is to be used by an individual, estate or trust to compute a current year Kentucky net operating loss or net operating loss deduction (NOL).

Part I, Sections A and B should only be used if you have a current year net operating loss. Part I will calculate the amount of your current year net operating loss and the amount to be carried forward to future years. Part II, Sections A and B should only be used if you have a positive taxable income and a net operating loss carryforward from prior years. Part II will calculate your net operating loss deduction (NOLD) and the amount of carryforward you have remaining.

### PART I—CURRENT YEAR NET OPERATING LOSS

**Section A—Current Year Net Operating Loss**—This section should only be used if you have a loss for the current year. Enter amounts in lines 1 through 26 to calculate your net operating loss to be claimed in subsequent years.

**Line 8**—Nonbusiness deductions are those not connected with a trade or business.

The standard deduction from line 2 above is allowed as a nonbusiness deduction if you do not itemize deductions. Itemized deductions are usually nonbusiness except for casualty loss deductions. See federal Form 1045 for further instructions.

**Line 9**—Nonbusiness income (other than capital gains) includes income that is not from trade or business. Examples are dividends, annuities and interest on investments. See federal Form 1045 for further instructions.

**Lines 18 and 19**—Adjust this amount by the appropriate addition or subtraction entered on Schedule M. For more information, see federal regulation Section 1.172-3 and federal Publication 536, Net Operating Losses.

**Section B—Calculate Net Operating Loss Carryforward**—If you have a current year net operating loss, use Part I, Section B to figure your carryforward to future years. Net operating loss carryforwards must be separated between **Pre-2018** NOL's (losses occurring before January 1, 2018) and **Post-2017** NOL's (losses occurring on or after January 1, 2018). Net operating losses generated on or after January 1, 2018, may only offset up to 80% of taxable income without **Post-2017** NOL, but any unused amounts are available for carryforward indefinitely. A net operating loss generated for a taxable year beginning before January 1, 2018, is not subject to the 80% limitation and may be carried forward 20 years following the loss year. For Kentucky, a NOL cannot be carried back for tax years beginning on or after January 1, 2005.

**Line 4—Excess Business Loss Limitation**—For tax year 2025, the amount of losses from trades or businesses of noncorporate taxpayers are limited to \$313,000 (\$626,000 for married taxpayers). If you are subject to the excess business loss limitation and you do not have any Kentucky/Federal differences on Kentucky Schedule M, enter the amount of your Federal Form 461, line 16. If you do have Kentucky/Federal differences on Kentucky Schedule M and are subject to the Kentucky excess business loss limitation, enter the amount from your Kentucky Form 461, line 16. Note: If line 16 on federal or Kentucky Form 461 is zero or greater, you are not subject to the limitation and you should enter zero here. **This amount will be treated as a net operating loss carryforward.**

### PART II—NET OPERATING LOSS DEDUCTION (NOLD)

**Section A—Calculate your net operating loss deduction (NOLD)**—If you have positive taxable income and a prior net operating loss you must use Part II, Section A to figure your NOLD that will be allowed on Schedule M, line 16.

Net operating losses generated on or after January 1, 2018, may only be used to offset up to 80% of taxable income without the **Post-2017** NOL, but any unused amounts are available for carryforward indefinitely. Net operating losses generated before January 1, 2018, are not subject to the 80% limitation; however, those losses may only be carried over for 20 years following the loss year.

**Note:** Attach statements reflecting amount of original net operating loss and amount(s) utilized each prior year.

**Line 1—Pre-2018 NOL Carryforward**—Enter any unused carryforward amounts from losses that occurred before January 1, 2018.

**Line 2—Post-2017 NOL Carryforward**—Enter any unused carryforward amounts from losses that occurred on or after January 1, 2018.

**Line 3—Taxable Income without NOL**—Calculate your Kentucky taxable income before the net operating loss deduction. **Do not include any net operating loss carryforwards from prior years in this figure.**

**740 Filers:** To calculate your taxable income without the NOLD subtract Schedule M, line 15 and Form 740, line 10 from Form 740, line 7.

**740-NP Filers:** To calculate your taxable income without the net operating loss deduction, divide your Kentucky Adjusted Gross Income without the NOL by your Federal Adjusted Gross Income (Form 740-NP, page 4, line 33). This is your percentage of Kentucky Income to Federal Income. Apply this percentage to Form 740-NP, line 11. Subtract this amount or the standard deduction amount on Form 740-NP, line 10, from your Kentucky adjusted gross income without the NOL.

**Line 8**—This is your net operating loss deduction (NOLD). Taxpayers filing Form 740 should enter the amount on Kentucky Schedule M, line 16 and taxpayers filing Form 740-NP should enter the amount on Form 740-NP, page 4, Column B, line 16 and label as NOLD.

**Section B—Calculate Net Operating Loss Carryforward**—If you have a current year net operating loss, use Part I, Section B to figure your carryforward to future years. Net operating loss carryforwards must be separated between **Pre-2018** NOL's (losses occurring before January 1, 2018) and **Post-2017** NOL's (losses occurring on or after January 1, 2018). Net operating losses generated on or after January 1, 2018, may only offset up to 80% of taxable income without **Post-2017** NOL, but any unused amounts are available for carryforward indefinitely. A net operating loss generated for a taxable year beginning before January 1, 2018, is not subject to the 80% limitation and may be carried forward 20 years following the loss year. For Kentucky, a NOL cannot be carried back for tax years beginning on or after January 1, 2005.

**Line 4—Excess Business Loss Limitation**—For tax year 2025, the amount of losses from trades or businesses of noncorporate taxpayers are limited to \$313,000 (\$626,000 for married taxpayers). If you are subject to the excess business loss limitation and you do not have any Kentucky/Federal differences on Kentucky Schedule M, enter the amount of your Federal Form 461, line 16. If you do have Kentucky/Federal differences on Kentucky Schedule M and are subject to the Kentucky excess business loss limitation, enter the amount from your Kentucky Form 461, line 16. Note: If line 16 on federal or Kentucky Form 461 is zero or greater, you are not subject to the limitation and you should enter zero here. **This amount will be treated as a net operating loss carryforward.**