

SCHEDULE NOL

41A720NOL (10-09)

Commonwealth of Kentucky
DEPARTMENT OF REVENUE



Taxable Year Ending

____/____
Mo. Yr.

If an election is made to carry NOL carryforward as an apportioned NOL, check here.
Mandatory Nexus Only

NET OPERATING LOSS SCHEDULE

➤ Attach to Form 720.

KRS 141.011, KRS 141.200(11); Regulation 103 KAR 16:250

Name of Corporation	Kentucky Corporation/LLET Account Number
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PART I—MANDATORY NEXUS CONSOLIDATION—If using prior year NOL carryforward, complete and attach Schedule NOL-CF

Section A—Current Net Operating Loss Adjustment			Includible Corporations		
			A	B	C
Name	Kentucky Corporation/LLET Account Number	Prior Year's NOL Carryforward	Kentucky Net Income	Kentucky Net Losses (Enter as a Positive)	Total Losses (Enter as a Positive)
1. Common Parent			00	00	
2. Subsidiaries					
a			00	00	
b			00	00	
c			00	00	
d			00	00	
e			00	00	
f			00	00	
g			00	00	
h			00	00	
i			00	00	
j			00	00	
k			00	00	
l			00	00	
m			00	00	
3. Totals (add Columns A and B).....		3	00	00	
4. Limitation—Income (line 3, Column A multiplied by 50%)..		4	00		
5. Prior year NOL carryforward				00	
6. Total (add line 5, Column C and line 3, Column B).....				00	
Complete line 7 only if line 3, Column B is greater than line 4, Column A.					
7. Disallowed loss, line 3, Column B less line 4, Column A. Enter here and on Form 720, Part II, line 17 (see instructions).....		7	00		
Complete line 8 only if line 4, Column A is greater than line 3, Column B.					
8. Additional NOLD. Enter as a negative amount on Form 720, Part II, line 17 (see instructions).....		8	00		

Section B—Current Year Loss Disallowed and NOL Carryforward

1. Current year loss disallowed (see instructions)	1	00
2. Prior year(s) NOL carryforward(s) from Part I, Section A, line 5	2	00
3. Prior year(s) NOL carryforward used this year (see instructions).....	3	00
4. Total NOL carryforward to 2010 (line 1 plus line 2 minus line 3).....	4	00

PART II—SEPARATE ENTITY AND ELECTIVE CONSOLIDATED FILERS

Section A—NOL Carryforward

1. Enter carryforward from prior year(s)	1	00
2. If current year NOL, enter as a positive amount (see instructions)	2	00
3. Enter the NOLD from Form 720, Part II, line 20	3	00
4. Enter total NOL carryforward to 2010 (line 1 plus line 2 less line 3).....	4	00

INSTRUCTIONS FOR SCHEDULE NOL (FORM 720)

Purpose of this Schedule—This schedule is used by corporations that are required to file a mandatory nexus consolidated return in order to determine the loss limitation. It is also used by corporations filing a separate entity return, an elective consolidated return or mandatory nexus return to track the NOL carryforward.

Per KRS 141.200(11)(b) “The includible corporations of the mandatory consolidated nexus return that have realized a net operating loss shall not deduct an amount that exceeds, in the aggregate, 50 percent of the income realized by the remaining includible corporations that did not realize a net operating loss.”

Part I—Mandatory Nexus Consolidation

General Instructions—This is only for mandatory nexus returns filed in accordance with KRS 141.200(8)–(14).

The 50 percent limitation, net operating loss(es) and net operating loss carryforwards are determined prior to the application of the apportionment factor. If one or more of the “includible corporations” brings an NOL carryforward to the mandatory consolidated group, the common parent may make an election to carry all NOL carryforwards as an apportioned NOL. Otherwise, the NOL carryforward for each member of the consolidated group must be recomputed to a preapportioned amount.

Mandatory nexus consolidated return filers must apply the NOL deduction against pre-apportioned Net Income (Form 720, Part II, line 16). If the election is made to use an apportioned NOL carryforward amount the deduction is still reported as a “Current net operating loss adjustment” (Form 720, Part II, line 17).

An election to use an apportioned NOL carryforward is binding for all future years. If a taxpayer elects to use a pre-apportioned NOL carryforward in any future years, all returns filed under the election to use an apportioned NOL carryforward must be properly amended.

An “includible corporation” that brings its NOL carryforward from another consolidated group will determine its NOL based upon Section 1502 of the Internal Revenue Code and related regulations, adjusted for differences between KRS Chapter 141 and the Internal Revenue Code.

Any NOL carryforward is utilized first in meeting the 50 percent limitation.

The Schedule NOL-CF is required in addition to Schedule NOL.

Section A

Enter the name and Kentucky Corporation/LLET account number of the common parent and includible affiliates.

Column A—Enter only Kentucky net income of includible corporations from Schedule KCR (Form 720), Line 19.

Column B—Enter only Kentucky net losses of includible corporations from Schedule KCR (Form 720), Line 19. **Enter as a positive amount.**

Line 3—Enter the totals for Column A and Column B. Reflect Column B as a positive amount.

Line 4—This is the limitation provided by KRS 141.200(11)(b).

Line 5—Enter the prior year NOL carryforward as a positive amount. Provide a Schedule NOL-CF.

Line 6—This is the total NOL available.

Line 7—This is the amount of the current year net operating loss(es) that exceeds the 50 percent loss limitation. It is an addback in computing Kentucky net income and is entered on Form 720, Part II, Line 17. If an amount is entered on Line 7, skip to Section B. **Use worksheet below.**

Worksheet—Line 7	
1. Amount from Line 3, Column B.....	\$ _____
2. Amount from Line 4, Column A.....	\$ _____
3. Line 1 less Line 2. Enter here and on Line 7, Column A, Part I, Section A (If less than zero, skip and complete Line 8).....	\$ _____

Line 8—If the amount of loss limitation, Line 4, Column A is greater than the net operating loss(es) on Line 3, Column B, a prior year NOL carryforward can be used to meet the 50 percent loss limitation. Enter the lesser of Line 4, Column A less Line 3, Column B or the amount entered on Line 5, Column C. If the amount of Line 4, Column A less Line 3, Column B is equal to Line 5, Column C, enter the amount from Line 5, Column C. Enter the amount on Form 720, Part II, Line 17. This is a deduction in computing Kentucky net income.

Use worksheet below.

Worksheet—Line 8	
1. Amount from Line 4, Column A.....	\$ _____
2. Amount from Line 3, Column B.....	\$ _____
3. Line 1 less Line 2. (If less than zero, skip and complete Line 7 above).....	\$ _____
4. Amount from Line 5, Column C.....	\$ _____
5. Lesser of Line 3 or Line 4. Enter here and on Line 8, Column A.....	\$ _____

Section B

Complete only if there is a prior year NOL and/or current year loss adjustment. All computations are based on amounts from Schedule NOL, Part I, Section A.

Current year loss disallowed is the amount of Kentucky losses from Line 3, Column B that are disallowed due to first using prior year NOL carryforward(s) to meet the 50 percent limitation. It is available for carryforward.

Line 1—If Line 4, Column A is greater than or equal to Line 5, Column C, enter the difference of Line 6, Column C less Line 4, Column A. If this difference is less than zero, enter -0-

or

If Line 5, Column C is greater than Line 4, Column A, enter the amount from Line 3, Column B. **Use worksheet below.**

Worksheet—Line 1	
1. Amount from Line 3, Column B.....	\$ _____
2. Amount from Line 4, Column A.....	\$ _____
3. Amount from Line 5, Column C.....	\$ _____
4. Amount from Line 6, Column C.....	\$ _____
5. If Line 2 is greater than or equal to Line 3, enter Line 4 minus Line 2. If the difference is less than zero, enter -0-.....	\$ _____
6. If line 3 is greater than Line 2, enter Line 1.....	\$ _____

Note: If the current year loss limitation is less than or equal to the prior year NOL carryforward, the prior year NOL carryforward meets the loss limitation, and all current year net loss(es) are disallowed and entered on Line 1.

If the current year loss limitation is greater than the prior year NOL carryforward, all of the prior year NOL carryforward is used, and the balance of the loss limitation is met from current year net loss(es). The amount of any remaining current year net loss(es) is entered on Line 1.

Line 3—Enter the lesser of the loss limitation from Part I, Section A, Line 4, or the prior year NOL carryforward from Part I, Section A, Line 5.

Part II—Separate Entity and Elective Consolidated Filers

General Instructions—This section is used only by separate entity and elective consolidated filers in order to calculate the available NOL carryforward. Follow the instructions per Lines 1 through 4.