

42A740-KNOL Department of Revenue



2009 **KENTUCKY NET OPERATING LOSS SCHEDULE**

► Attach to Form 740, Form 740-NP or Form 741.

1. Enter amount from Form 740, line 9 (Form 740-NP; line 9) lestates and trusts, skip lines 1 and 2 1 2. Enter deductions from Form 740, line 10 (Form 740-NP; line 10 or 12) 2 3. Combine lines 1 and 2 (estates and trusts, enter taxable income) 3 Adjustments 4 4. Enter your nonbusiness capital losses (enter as a positive number). 4 5 5. If line 3 is more than line 5, enter difference; otherwise, enter zero 6 7 8. Nonbusiness income (other than capital gains) 9 9. Add lines 7 and 9 10 1. If line 8 is more than line 10, enter difference; otherwise, enter zero 11 1. If line 8 is more than line 4, enter difference; otherwise, enter zero 11 1. If line 8 is more than line 6, enter difference; otherwise, enter zero 11 1. If line 8 is more than line 10, enter difference; otherwise, enter zero 11 1. If line 8 is more than line 10, enter difference; otherwise, enter zero 11 1. If line 8 is more than line 10, enter difference; otherwise, enter zero 11 1. If line 8 is more than line 12, enter difference; otherwise, enter zero 11 1. If line 8 is more than line 14, line 16 16 1. Add lines 6 and 16 16 16 1. Add lines 6 and 16 16	Enter name(s) as shown on tax return.		Social Security or Federal Identification Number	
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Nata: It line 78 is zero or more, you do not have a net operating loss	20.	Note: If line 28 is zero or more, you do not have a net operating loss.		

INSTRUCTIONS FOR SCHEDULE KNOL Computation of Net Operating Loss

Purpose of Schedule-Schedule KNOL is to be used by an individual, estate or trust to compute a Kentucky net operating loss (KNOL) deduction. Schedule KNOL is to be used only in the year the loss occurred.

Net Operating Losses-For 2005 and future years, the carryback of net operating losses to prior years is no longer allowed. Net operating losses may be carried forward for up to 20 years. Documentation to substantiate any loss must be available to the Department of Revenue upon request.

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 and any employee expenses. See federal Form 1045 for further instructions.

Line 9-Nonbusiness income (other than capital gains)-Include 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.