

SCHEDULE NOL

41A720NOL (10-14)

Commonwealth of Kentucky
DEPARTMENT OF REVENUE



Taxable Year Ending

____/____
Mo. Yr.

- See instructions.
- Attach to Form 720.

NET OPERATING LOSS SCHEDULE

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

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			
				B		C	
Name	Kentucky Corporation/LLET Account Number	Prior Year's NOL Carryforward		Kentucky Net Income		Kentucky Net Losses (Enter as a Positive)	
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
f			00		00		00
g			00		00		00
h			00		00		00
i			00		00		00
j			00		00		00
k			00		00		00
l			00		00		00
m			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
Complete line 5 only if Column C, line 3 is greater than line 4.							
5. Disallowed loss, Column C, line 3, less line 4. Enter here and on Form 720, Part III, line 19 (see instructions)				5			00
Complete line 6 only if line 4 is greater than Column C, line 3.							
6. Additional NOLD. Enter as a negative amount here and on Form 720, Part III, line 19 (see instructions)				6			00

Section B—Current Year Loss Disallowed and NOL Carryforward

1. Current year loss disallowed from Part I, Section A, line 5.....	1		00
2. Prior year NOL carryforward from Part I, Section A, Column A, line 3.....	2		00
3. Prior year NOL carryforward used this year from Part I, Section A, line 6. Enter as a negative.....	3		00
4. Total NOL carryforward to 2015 (sum of lines 1 through 3)	4		00

PART II—SEPARATE ENTITY RETURN

NOL Carryforward (Enter all amounts as a positive)

1. Carryforward from prior year (2013 Schedule NOL, Part II, line 4).....	1		00
2. Current year NOL from Form 720, Part III, line 21	2		00
3. NOLD from Form 720, Part III, line 22.....	3		00
4. Total NOL carryforward to 2015 (line 1 plus line 2 less line 3)	4		00

INSTRUCTIONS FOR SCHEDULE NOL (FORM 720)

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

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 which 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 which included the apportioned NOL carryforward must be amended. Also, using an apportioned NOL carryforward does not affect the 50 percent (50%) limitation provided by KRS 141.200(11)(b) 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 may be carried forward 20 years following the loss year; however, as provided by KRS 141.011(2), an NOL shall not be carried back for tax years beginning on or after January 1, 2005.

Schedule NOL-CF is required if the affiliated group includes a member having an NOL carryforward that was not a member of the affiliated group in the prior year.

Section A – Current Net Operating Loss Adjustment

Enter the name and Kentucky Corporation/LLET account number of the parent and subsidiaries.

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

Column B—Enter only Kentucky net income of includible corporations from Schedule KCR (Form 720), Line 18.

Column C—Enter only Kentucky net losses of includible corporations from Schedule KCR (Form 720), Line 18. **Enter as a positive amount.**

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

Schedule NOL-CF must be attached if the affiliated group includes a member having an NOL carryforward that was not a member of the affiliated group in the prior year.

Line 4—Multiply Column B, Line 3 by 50 percent (.50). This is the limitation provided by KRS 141.200(11)(b).

Line 5—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 19. If an amount is entered on Line 5, skip to Section B. **Use worksheet below.**

Worksheet—Line 5	
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 5 (If less than zero, skip and complete Line 6)	\$ _____

Line 6—If the amount of loss limitation, 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 equal to Column A, Line 3, enter the amount from Column A, Line 3. Enter the amount on Form 720, Part III, Line 19. This is a deduction in computing Kentucky net income. **Use worksheet below.**

Worksheet—Line 6	
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 5 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 6	\$ _____

Section B – Current Year Loss Disallowed and NOL Carryforward

General Instructions – Part I, Section B is used by an affiliated group filing a mandatory nexus consolidated return as provided by KRS 141.200(11) to track any available net operating loss carryforward. Follow the instructions on Lines 1 through 4.

Part II – Separate Entity Return

NOL Carryforward

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