1045-K

42A740-S20

Department of Revenue

Kentucky Net Operating Loss
Application for Income Tax Refund

(See instructions for when to file)

➤ **For use by taxpayers other than corporations.**

2004

Last Name	First Name (Joint or combined return, give both names and initials.)	Social Security or Federal Identification Number

Number and Street or P.O. Box	Apt. Number	Spouse's Social Security Number

City or Town, State and ZIP Code	Telephone Number

	(a) Net Operating Loss (from page 2, Schedule A, line 27)	(b) Unused Unemployment Tax Credit
1. This application is filed to carry back:	$	$

2. Return for the year Jan. 1-Dec. 31, 2004, or
   other tax year beginning _____ , 2004, ending _____ , _____ . Date Filed ➤ _____

3. If spouse filed a separate return for a carryback year, indicate year .... ➤ _____

4. If Social Security number for carryback year is different from above, enter number
   and indicate the year(s) .... ➤ _____

5. If you have changed your accounting period, give date permission to change was granted .... ➤

Computation of Decrease in Tax (see instructions)	_____ Preceding Tax Year Ended ➤		_____ Preceding Tax Year Ended ➤		_____ Preceding Tax Year Ended ➤	
	(a) Before Carryback	(b) After Carryback	(c) Before Carryback	(d) After Carryback	(e) Before Carryback	(f) After Carryback
6. Adjusted gross income from tax return						
A. Spouse						
B. Yourself (or joint)						
7. Net operating loss deduction						
A. Spouse						
B. Yourself (or joint)						
8. Adjusted gross income after carryback						
A. Subtract line 7A from line 6A						
B. Subtract line 7B from line 6B						
9. Itemized/standard deduction						
A. Spouse						
B. Yourself (or joint)						
10. Taxable income						
A. Subtract line 9A from line 8A						
B. Subtract line 9B from line 8B						
11. Income tax liability						
A. Spouse						
B. Yourself (or joint)						
12. Total (add lines 11A and 11B)						
13. Enter amount from line 12, cols. (b), (d) and (f) in cols. (a), (c) and (e)						
14. Decrease in tax (subtract line 13 from line 12)						

I, the undersigned, declare under penalties of perjury that I have examined this return, including all accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct and complete. I also understand and agree that our election to file a combined return under the provisions of Regulation 103 KAR 17:020 will result in refunds being made payable to us jointly and in each of us being jointly and severally liable for all taxes accruing under this return.

➤ _____   ➤ _____   _____

Your Signature (If joint application, both must sign.)   Spouse's Signature   Date Signed

_____   _____   _____

Typed or Printed Name of Preparer Other Than Taxpayer   Firm I.D. Number of Preparer   Date

> *Do not attach to your income tax return.*
> *Mail in a separate envelope.*

Mail to Department of Revenue, Frankfort, KY 40618-0006.

SCHEDULE A—Computation of Kentucky Net Operating Loss

1. Enter amount from Form 740, line 13 (Form 740-NP, line 6) (estates and trusts, skip lines 1 and 2) .... 1 _____
2. Enter deductions from Form 740, line 14 (Form 740-NP, line 7 or 8b) .... 2 (_____)
3. Combine lines 1 and 2 (estates and trusts, enter taxable income) .... 3 _____
   Note: If line 3 is zero or more, do not complete rest of schedule. You do not have a net operating loss.

Adjustments

4. Enter your nonbusiness capital losses (enter as a positive number) 4 _____
5. Enter your nonbusiness capital gains (see federal instructions) ... 5 _____
6. If line 4 is more than line 5, enter difference; otherwise, enter zero .... 6 _____
7. If line 5 is more than line 4, enter difference; otherwise, enter zero .... 7 _____
8. Nonbusiness deductions .... 8 _____
9. Nonbusiness income (other than capital gains) .... 9 _____
10. Add lines 7 and 9 .... 10 _____
11. If line 8 is more than line 10, enter difference; otherwise, enter zero .... 11 _____
12. If line 10 is more than line 8, enter difference (but do not enter more than line 7); otherwise, enter zero .... 12 _____
13. Enter your business capital losses (enter as a positive number) .. 13 _____
14. Enter your business capital gains .... 14 _____
15. Add lines 12 and 14 .... 15 _____
16. If line 13 is more than line 15, enter difference; otherwise, enter zero .... 16 _____
17. Add lines 6 and 16 .... 17 _____
18. Enter the loss, if any, from federal Form 1040, Schedule D, line 17a. (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 _____
19. Enter Section 1202 exclusion. Enter as a positive number .... 19 _____
20. Subtract line 19 from line 18 .... 20 _____
21. Enter the loss from federal Form 1040, Schedule D, line 18. (Estates and trusts, enter the loss from Form 741, Schedule D, line 18.) Enter as a positive number .... 21 _____
22. If line 20 is more than line 21, enter the difference; otherwise, enter -0- . 22 _____
23. If line 21 is more than line 20, enter the difference; otherwise, enter -0- .... 23 _____
24. Subtract line 22 from line 17 .... 24 _____
25. Net operating losses from other years (enter as a positive number) .... 25 _____
26. Add lines 11, 19, 23, 24 and 25 .... 26 _____
27. Combine lines 3 and 26. This is your **net operating loss**. Enter here and on page 1, line 1a .... 27 _____
    Note: If line 27 is zero or more, you do not have a net operating loss.

INSTRUCTIONS FOR SCHEDULE A (FORM 1045-K)—Computation of Net Operating Loss

Line 8—Nonbusiness deductions are those not connected with a trade or business. They include the following:

- 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 business expenses such as union dues, uniforms, tools and educational expenses.

- The deductions allowed for payments to a Keogh retirement plan and individual retirement arrangement are nonbusiness deductions.

Do not include the following business deductions on line 8:

- Long-term care and health insurance premiums, if self-employed.
- Loss from the sale of accounts receivable, if such accounts arose under the accrual method of accounting.
- Casualty losses and theft losses are considered attributable to a trade or business. This is true even if they involve nonbusiness property.
- Your proportionate share of a partnership or an S corporation's loss.

- Losses on stock in small business corporations that qualify as ordinary losses.
- Loss resulting from the sale or exchange of small business investment company stock that qualifies as an ordinary loss.

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.

Do not include the following business income on line 9:

- Salaries and wages.
- Gain or loss on sale or other disposition of real or depreciable property used in your trade or business.
- Your proportionate share of a partnership or an S corporation's income.

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.