



Indiana Department of Revenue  
**Corporate Income Tax**  
**Net Operating Loss Computation**  
(See instructions on the reverse side of this schedule)

|   |   |
|---|---|
| Name of Corporation or Organization<br><small>B</small> | Federal Identification Number<br><small>A</small> |
|---|---|

**PART I— Computation of Indiana Net Operating Loss**  
Effective for Calendar Year 2002 and Fiscal Year Beginning in 2002 and Ending 2003.  
Complete this schedule if line 8 shows a loss for the tax year. Enter loss, if any, as a positive figure in the box. A separate Schedule IT-20NOL must be completed for each loss year.

|                  |                                     |   |
|------------------|-------------------------------------|---|
|                  | <b>Loss year ending</b>             | <b>Net operating loss from line 8 below</b> |
| <b>Loss year</b> | aa      /      /                    | bb  |
|                  | <small>MM      DD      YYYY</small> |   |

|   |    |   |
|---|----|---|
| 1. I.R.C. Section 63 (or Section 511) taxable income including the special dividend deduction but excluding any federal net operating loss deduction (see instructions) ..... | 1. |   |
| 2. Add back: All state income taxes deducted .....  | 2. |   |
| 3. Add back: All charitable contributions deducted .....  | 3. |   |
| 4. Deduct: Interest earned on direct U. S. Government obligations reported .....  | 4. |   |
| 5. Deduct: Foreign gross up as determined from federal Form 1118 .....  | 5. |   |
| 6. Subtotal (add lines 1 through 3, deduct lines 4 and 5) .....   | 6. |   |
| 7. Indiana apportionment percentage from the apportionment schedule of the loss year return (if applicable) .....   | 7. | % |
| 8. Indiana (loss) available for carryover (multiply line 6 by line 7) .....   | 8. |   |

**PART II—Election to waive the carryback of a net operating loss deduction**  
To claim the Indiana portion of a net operating loss deduction, if any, you must apply the same carryback/carryover treatment as used for federal tax purposes. *Use combined amounts if filing a consolidated return.*

If you compute a qualified Indiana loss on Part I and there is no federal NOL, check this box to waive the two, three, or five-year NOL carryback provision for state tax purposes:

*Complete this schedule, Parts I and II, attach to and timely file your Indiana loss year return.*

**PART III— Effect of loss year carried to current tax year return.**  
(Read all instructions for application of federal carry back and carry forward provisions.)

| (1)<br>Tax year ending         | (2)<br>Indiana AGI as last determined by department records | (3)<br>Amount of NOL deduction carried back/forward | (4)<br>Indiana AGI after net operating loss deduction | (5)<br>Remaining unused net operating loss |
|--------------------------------|---|---|---|--|
| 5th Preceding tax period _____ |   |   |   |  |
| 4th Preceding tax period _____ |   |   |   |  |
| 3rd Preceding tax period _____ |   |   |   |  |

**Effective for loss years beginning after August 5, 1997, the 3rd preceding tax year carry back application is eliminated for non-farm losses.**

|                                |  |  |  |  |
|--------------------------------|--|--|--|--|
| 2nd Preceding tax period _____ |  |  |  |  |
| 1st Preceding tax period _____ |  |  |  |  |

**Caution: This schedule complies with the Internal Revenue Code as in effect on 1-1-2002**

|                                 |  |  |  |  |
|---------------------------------|--|--|--|--|
| 1st Following tax period _____  |  |  |  |  |
| 2nd Following tax period _____  |  |  |  |  |
| 3rd Following tax period _____  |  |  |  |  |
| 4th Following tax period _____  |  |  |  |  |
| 5th Following tax period _____  |  |  |  |  |
| 6th Following tax period _____  |  |  |  |  |
| 7th Following tax period _____  |  |  |  |  |
| 8th Following tax period _____  |  |  |  |  |
| 9th Following tax period _____  |  |  |  |  |
| 10th Following tax period _____ |  |  |  |  |

**Attach schedule if extending to 15th or 20th following tax year.**

## Instructions for Schedule IT-20NOL for Tax Periods Beginning in 2002

**Note:** These instructions apply to Indiana returns in compliance with the Internal Revenue Code of 1986 as amended and in effect on January 1, 2002.

### Who Should File Schedule IT-20NOL?

Corporate taxpayers subject to the adjusted gross income tax must complete and attach this schedule to any Indiana corporation tax return: Forms IT-20, IT-20FY, IT-20SC, IT-20NP, or IT-20X, when claiming the loss deduction. Schedule IT-20NOL is not in itself a claim for refund, but an attachment to show how the net operating loss is applied.

Corporations doing business as a financial institution may not use this schedule. Instead, Schedule FIT-20NOL should be completed.

### When to File?

A refund initiated by a net operating loss carryback must be claimed by the taxpayer within 3 years from the original due date of the loss year's return (including extensions). Net operating loss carryforward deductions fall within regular statutory requirements. Parts I and II should be completed and this schedule attached to the loss year return if electing to waive a state NOL carryback application. Also, attach a fully completed Schedule IT-20NOL to the return(s) where a net operating loss deduction is claimed.

### Indiana Treatment of Net Operating Loss Deduction for Adjusted Gross Income Tax Purposes

The net operating loss deduction recognized for Indiana income tax purposes shall be the amount of loss apportioned to Indiana for the tax year after all required modifications. Modifications include the add back of property taxes (for tax periods 1998 and before), income taxes, charitable contributions, deduction of interest on U.S. Government obligations, and a deduction for the foreign gross up.

Affiliated groups or corporations involved in mergers must follow the same guidelines as provided by the Internal Revenue Code and rulings issued by the Internal Revenue Service with respect to their treatment of net operating loss deductions. More than one Schedule IT-20NOL may be required to comply with these requirements.

The calculation for an Indiana net operating loss deduction pertains to the Adjusted Gross Income Tax Act. The net operating loss used to reduce Indiana adjusted gross income will have an effect on supplemental net income. The net operating loss deduction is not considered in calculating the Indiana gross income tax.

### Carryback and Carryforward Years for Corporations

For loss years beginning before August 6, 1997, the net operating loss deduction remaining after a three (3) year carryback (if not timely waived) may be carried forward to the **fifteen** (15) tax years following the loss year. (See Part II instructions). Certain losses may be carried up to **twenty** (20) years, following federal provisions.

### PART I - Computation of Indiana Net Operating Loss

Enter the tax year ending date of the loss year and the amount of the loss if an Indiana net operating loss is calculated on line 8. Nonbusiness income and foreign source dividends deduction cannot create or increase the Indiana net operating loss deduction. Enter only the items enumerated on lines 1 through 7.

Any other adjustments affecting the calculation of I.R.C. Section 63 loss year taxable income on Part I of the net operating loss schedule must be fully explained. Not-for-profit organizations begin with I.R.C. Section 511 (taxable income) from federal Form 990T without regard to a federal net operating loss deduction.

### PART II - Election to Waive the Carryback of a Net Operating Loss Deduction

Pursuant to the Internal Revenue Code, a taxpayer may irrevocably elect, by the loss year's due date (including extensions), to waive the entire carryback period. If this election is made for the loss year on the federal return, the net operating loss deduction may only be carried forward for federal and state tax purposes.

Effective for tax years beginning after August 5, 1997, federal legislation generally decreased the NOL carry back period from 3 to 2 tax years, while the carryforward period increased from 15 to 20 years.

*Farm Losses:* Effective for tax years beginning after December 31, 1997, any part of an NOL attributed to a loss from farming operations may be treated as a separate NOL and may be carried back five years following federal provision.

In the absence of net operating loss on the federal return, the taxpayer may make an election to waive the carryback of its Indiana net operating loss. This election is reflected on Indiana Schedule IT-20NOL by checking the appropriate box or by attaching to the timely filed Indiana loss year return a statement waiving the NOL carryback provision.

### PART III - Effect of Loss Year

Schedule IT-20NOL must be completed for each year a loss occurs. Copies of the schedule should be attached to returns for all years a NOL deduction is claimed. If more than one loss year is being utilized, a separate Schedule IT-20NOL should be completed for each NOL deduction available.

**Column (1) Tax Years** - Enter in column (1) the applicable tax year ending date(s). If, in one or more of these years, a loss was incurred or the adjusted gross income was previously reduced to zero by another loss carryforward, the year should still be entered and all five columns completed.

**Column (2) Indiana Adjusted Gross Income** - Enter the Indiana adjusted gross income from the original return, or as previously adjusted. If the adjusted gross income was previously reduced by another net operating loss deduction, a copy of the Schedule IT-20NOL for the prior loss year should be attached. If previously adjusted from an audit or amended return, an explanation should be attached to the IT-20NOL schedule explaining how the adjusted gross income figure was calculated.

**Column (3) Amount of Net Operating Loss Deduction** - Enter the amount of loss from Part I necessary to decrease adjusted gross income for the year to zero. If the income for the year is greater than the loss available, enter the full amount of the loss. Any remaining unused loss deduction will be shown in column (5).

**Column (4) Indiana Adjusted Gross Income After Deduction** - Subtract the amount in Column (3) from the amount in Column (2) and enter the difference in this column.

**Column (5) Remaining Unused Net Operating Loss** - Enter the amount of net operating loss deduction remaining after each year's calculation. This amount is available to offset income reported in Column (2) of the next year that has income.

If you have any questions concerning Indiana's treatment of a net operating loss deduction, contact:

Indiana Department of Revenue  
Corporate Income Tax Section  
100 North Senate Avenue  
Indianapolis, Indiana 46204  
Telephone Number (317) 615-2662