Schedule
IT-20NOL
State Form 439
(R7/8-08)

Indiana Department of Revenue
Corporate Income Tax
Indiana Net Operating Loss Deduction

Page attachment sequence #9

Name of Corporation or Organization B	Federal Identification Number A

PART 1 — Computation of Indiana Net Operating Loss (NOL)
Complete Schedule IT-20NOL for each loss year.

Loss Year Ending: aa ________/________/_______

Taxable Income or Loss

1. Enter federal taxable income (loss), including special deductions but excluding any federal net operating loss deduction (Form IT-20 line 3; IT-20NP line 1)........1. ______

IRC Section 172(d) Modification for Loss Year

2. Enter an amount, to the extent required under IRC Section 172, which reflects all other federal adjustments for an NOL pursuant to IRC Section 172(d) *(See Federal Form 1139, attach computation)*........2. ______

Adjusted Gross Income Modification for Loss Year

3. Add back: All state income taxes based on or measured by income (includes property taxes before 1999)........3. ______
4. Add back: All charitable contributions (IRC Section 170)........4. ______
5. Add back: Domestic production activities deduction (IRC Section 199) and IT-20 Schedule PIC Part 3(b) amount ...5. ______
6. Add back: Deduction for dividends paid to shareholders of a captive real estate investment trust........6. ______
7. Add or subtract: Net bonus depreciation allowance plus excess IRC Section 179 deduction........7. ______
8. Deduct: Interest on U.S. government obligations less related expenses........8. ______
9. Deduct: Foreign gross up (IRC Section 78) as determined on federal Form 1118........9. ______
10. Deduct: All source non-business income or (loss) and non-unitary partnership distributions *(from IT-20 Schedule F line 10C)*........10. ______
11. Deduct: Qualified patents income........11. ______
12. Total modified income (Add lines 1 through 6, plus line 7; subtract lines 8 through 11)........12. ______

Indiana Business Income or Loss

13. Enter Indiana apportionment percentage of loss year *(Form IT-20 line 16d; IT-20NP line 9)*........13. ______ . ______ %
    (If apportionment of income is not applicable, enter the total amount from line 12 on line 14)
14. Indiana apportioned business income or (loss) *(Multiply line 12 amount by percent on line 13)*........14. ______

Previously Allocated and Apportioned Income or Loss Attributed to Indiana

15. Add Indiana non-business income or loss and Indiana non-unitary partnership income or loss *(from IT-20 Schedule F line 11D)*........15. ______
16. **Indiana modified adjusted gross income or net operating (loss)** *(Add lines 14 and 15)*........16. ______
    If line 16 is a negative figure, this is the NOL available to carry back or carry forward against modified Indiana adjusted gross income. To claim this deduction, you must apply the same carryback/carryover treatment as used for federal income tax purposes. Continue by entering line 16 loss figure in Part 2, column (4) for the taxable period the NOL deduction is initially applied.

If an Indiana net operating loss is computed and there is no attending federal NOL, check this box to relinquish the two, three, or five year NOL carry back provision for Indiana income tax purposes: bb ☐ **Election to Waive Carry Back of the Indiana Net Operating Loss Deduction**

PART 2 — Computation of Indiana Net Operating Loss Deduction and Carryover

Make required entries, as specified to compute the amount of Indiana modified adjusted gross income used. **Add all entries across columns (2), (3), & (4) for each tax year; enter result in column (5).** If result is a loss, also enter loss in column (4) for the next carryover year.

Carryover: Update this schedule for each tax year. Claim the remaining NOL from column (4) as a positive deduction to your return.
Note: The carry back application to the third through the fifth preceding tax year was eliminated, except for certain farm losses and losses incurred in 2001 and 2002 or for loss years beginning before August 16, 1997.

(1) **List Tax Period Ending**	(2) **Taxable Income** as Last Determined (if zero or less, enter -0-)	(3) **Add Back other Deductions from Indiana Adjusted Gross Income in the Taxable Year**	(4) **Indiana Net Operating Loss Deduction for the Taxable Year**	(5) **Indiana Adjusted Gross Income or Remaining Unused Net Operating (Loss)**
Carried to the preceding:				
5th year ______			( )	
4th year ______			( )	
3rd year ______			( )	
2nd year ______			( )	
1st year ______			( )	
Carried to the following:				
1st year ______			( )	
2nd year ______			( )	
3rd year ______			( )	
4th year ______			( )	
5th year ______			( )	

Attach additional sheets to show carry forward application up to the 10th,15th, or 20th following tax year.

Instructions for Schedule IT-20NOL

Indiana Net Operating Loss Deduction

Public Law 81-2004 amends IC 6-3-2-2.6 to provide a net operating loss (NOL) deduction from Indiana adjusted gross income after adding back any other NOL deductions taken pursuant to IRC Section 172. If a separately recalculated net operating loss remains, following state modification and federal carry back and carry forward guidelines, the Indiana NOL is deductible in full. The amount of the unused Indiana balance will be available for the following year.

All loss years ending after Jan. 1, 2004 and pre-existing NOL(s) carried over to a taxable year after this date must be recomputed by applying the amended provisions of this Act.

Deductions for net operating losses that were incurred in taxable years ending before Jan. 1, 2004 and carried back or forward and deducted in taxable years ending before Jan. 1, 2004 are calculated under the law in effect for the year the net operating loss was incurred.

Who Should File Schedule IT-20NOL?

Corporate taxpayers and nonprofit organizations subject to the adjusted gross income tax and having a net operating loss must complete and attach this schedule to any Indiana corporation tax return, Forms IT-20, 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 much of the Indiana net operating loss deduction is applied and available to carryover.

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

When to File?

A refund initiated by a net operating loss carry back must be claimed by the taxpayer within three years from the original due date of the loss year's return (including extensions). An amended carry back claim, if not refunded within 90 days from the date filed, the date the tax payment was due, or the date the tax was paid, whichever is latest, accrues interest from the initial due date of the return in which the loss was incurred. Net operating loss carry forward deductions fall within regular statutory requirements.

Attach completed Schedule IT-20NOL, Part 1, to loss year return. Check Part 1 box titled "**Election to Waive Carry Back of the Indiana Net Operating Loss Deduction"** if the loss is being carried forward for both federal and state tax purposes, or if no federal election is otherwise in effect.

Whenever a net operating loss deduction is claimed, attach a separately completed and recomputed NOL schedule of each loss year. Use revised Schedule IT-20NOL (8-08), update Part 2 as needed and attach copy to your return(s).

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

PL 81-2004, effective Jan. 1, 2004, provides for an NOL deduction from total Indiana Adjusted Gross Income equal to the amount of a federal NOL, computed under IRC Section 172, for the taxable year that is derived from sources within Indiana and adjusted for modifications required under IC 6-3-1-3.5. 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 foreign gross up. Other state deductions (i.e., foreign source dividends) from adjusted gross income may not be used to compute available net operating loss.

Use combined your amounts if filing a consolidated return. 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.

Carry Back and Carry Forward Years

To claim the Indiana net operating loss deduction, you must apply the same carry back/carryover treatment as used for federal purposes under IRC Section 172(b).

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

Effective for tax years beginning after Aug. 5, 1997 - (excluding tax years ending in 2001 or 2002), federal legislation generally decreased the NOL carry back period from three to two tax years, while the carry forward period increased from 15 to 20 years. For tax years ending in 2001 and 2002, the carry back period is extended to five years unless an election to carry back was waived.

Farm Losses -Effective for tax years beginning after Dec. 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 provisions.

Specified Liability Losses – A 10 year carry back for product liability losses (or portion thereof) may be recognized to the extent allowed following IRC Section 172 rules.

PART 1 - Computation of Indiana Net Operating Loss

Enter the tax year ending date of the loss year.

Line 1. Enter amount of federal taxable income (loss), excluding any net operating loss deduction as defined in Internal Revenue Code (IRC) Sections 63, 511, 801 or 832. This is comparable to the amount, as last determined, that is reportable on line 3 of 2003-2007 Form IT-20; or line 1 of Form IT-20NP (without specific deduction).

Line references from prior years - use line 23 of Form IT-20; line 3 of Form IT-20SC; and line 55 of Form IT-20NP.

If amount was previously adjusted because of an audit or amended return, an explanation should be attached explaining how the income figure was calculated.

Note: A domestic insurance company may compute and carryover a net operating loss incurred from a loss year in which it was not subject to Indiana adjusted gross income tax.

Line 2. You must apply any applicable modification for a net operating loss as calculated under provisions of IRC Section 172(d) that effect adjusted gross income. Some of these federal adjustments related to a net operating loss include but are not limited to:

1. A corporation cannot increase its current year NOL by carry backs or carryovers from other years. Capital losses are limited to net capital gains.
2. The dividends-received deductions for dividends received from domestic and foreign corporations and for dividend received on certain preferred stock of a public utility are computed without regard to the aggregate limits (based on federal taxable income) that normally apply under IRC Section 246(b).
3. The deduction for dividends paid on certain preferred stock of public utilities may be figured without limiting it to the federal taxable income for the year under IRC Section 247(a)(1)(B).

State Modification and Adjustments

Enter figures from loss year's return. Enter only the items enumerated on lines 3 through 10.

Line 3. Enter all state income taxes deductible on federal return.

Line 4. Enter charitable contributions to the extent deducted on the federal return.

Line 5. Enter qualified domestic production activities deduction claimed under IRC Section 199 on the federal return. Also include add back amount from IT-20 Schedule PIC, Part 3(b), for intangible expenses and directly related intangible interest expenses used to reduce IRC Section 63 taxable income effective July 1, 2006.

Line 6. Enter the amount of any deduction for dividends paid to shareholders of a captive real estate investment trust for taxable years beginning after Dec. 31, 2007.
A captive real estate investment trust is defined as a corporation, a trust, or an association that

- Is considered a real estate investment trust under Section 856 of the Internal Revenue Code;
- Is not regularly traded on an established securities market; and
- In which more than 50 percent of the voting power or shares is owned or controlled by a single entity.

Line 7. Add back or subtract an amount equal to net bonus depreciation allowed under IRC Section 168(k) as reported for the taxable year. Also, add back on this line, an amount equal to the IRC Section 179 deduction taken for qualified property that exceeds the $25,000 cap amount recognized for state purposes.

Line 8. Deduct net interest that is exempt from state taxation that is included in federal taxable income.

Line 9. Deduct foreign gross up allowable under IRC Section 78 to the extent not eliminated on line 2.

Line 10. Deduct all income or loss classified as non-business plus previously apportioned or allocable partnership income that is included as part of federal adjusted gross income. The portion attributed to Indiana will be added back on line 15 to arrive at Indiana modified adjusted gross income or net operating loss. Please note that other state adjustments from Indiana income, such as the foreign source dividends deduction (IC 6-3-2-12) cannot be used to create, increase or decrease an Indiana net operating loss deduction.

Line 11. Deduct all qualified utility and plant patents income. Enter the amount of income from qualified utility and plant patents included in federal taxable income. For tax years beginning after Dec. 31, 2007, this income is exempt from Indiana adjusted gross income. Get Income Tax Information Bulletin #104 at www.in.gov/dor/3650.htm for more information.

Line 13. If apportionment of income applies in the loss year, enter the Indiana apportionment percentage from line 16d of 2003-2008 Form IT-20 or the appropriate line from the Indiana apportionment schedule used.

Line 14. Enter amount from completed IT-20 Schedule F, line 11D, Indiana non-business income or loss and Indiana non-unitary partnership income or loss.

Line 16. If result is a loss figure, this is the initial amount available as the Indiana net operating loss. Carry this amount to Part 2, Column (4) for the first period you are eligible to claim a net operating loss deduction. If result is a positive amount, **STOP.** You do not have an Indiana net operating loss.

Election to Waive the Carry back 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. In the absence of net operating loss on the federal return, the taxpayer may make an election to waive the carry back of its Indiana net operating loss. This election is reflected on Indiana Schedule IT-20NOL by checking the box titled "Election to Waive Carry Back of the Indiana Net Operating Loss Deduction." By making this election, you must timely file the Indiana loss year return and attach schedule. Attach an updated schedule to the return filed for taxable years listed in Part 2 (Forms IT20X, IT-20 or IT-20NP).

PART 2 - Computation of Indiana Net Operating Loss Deduction and Carryover

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 NOL from different loss years is available, a separate Schedule

IT-20NOL must be completed for each NOL deduction applied. **Note:** Any net operating loss carried forward and deducted in a taxable year beginning after Dec. 31, 2003, shall be reduced by the amount of the net operating loss previously deducted in an earlier year.

Column (1) – Fill-in the range of tax years to which the NOL is to be applied according to the tax period 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 carry forward, the year should still be included.

Column (2) – Enter the Indiana adjusted gross income, from the taxable year of the Indiana return as last determined. Use net taxable income amount as previously adjusted because of an amendment, or as reduced by an NOLD carried over from another loss year and before applying the unused NOLD from Part 1. However, if this taxable year is also a loss, enter zero (0). 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) – Add back Indiana portion of any other deductions taken from computed adjusted gross income for the taxable year that is not a loss year. Currently, other deductions appear as line 12 on the 2003-2008 Form IT-20. You must further calculate the actual amount deducted if income was subject to apportionment. Multiply the other deduction amount by the percent used on line 16d (or comparable line) of your return in the taxable year. Since this amount is a subtraction from adjusted gross income, enter figure as a positive amount.

Column (4) – If this is the first year to which the NOLD is applied, enter the deductible amount of NOL from Part 1, line 16. Otherwise, enter the remaining unused amount carried over from column (5) for the taxable year.

Net Operating Loss Deduction - For reporting purposes of the taxable year return, claim this full amount as a **positive deduction** on line 20 of 2008 Form IT-20, line 10 of 2007 Form IT-20NP, or line 2B of Indiana Amended Form IT-20X.

Column (5) – Add amounts entered on row under column (2), (3), and (4) for the taxable year. If any Indiana adjusted gross income remains (the NOL is used in full), continue by completing the rest of your income tax return.

Net Operating Loss Carryover - If result is a loss, enter (the remaining unused net operating loss) in column (4) for the next carryover year. This amount will be available to offset modified income reported in columns (2) and (3) of the following taxable year.

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

Indiana Department of Revenue
Tax Administration
100 North Senate Ave.
Indianapolis, IN 46204
(317) 233-4015