

2020 Carryback of Net Operating Loss (NOL) Instructions

Purpose of 2020 Form X-NOL

For NOLs incurred in taxable years beginning in 2021, you may carry the NOL back two years and then forward for up to 20 years. Or, you may elect to waive the carryback period and only carry the NOL forward for up to 20 years.

The 2020 Form X-NOL is used by an individual, estate, or trust to claim a refund resulting from the carryback of an NOL. It is to be used only to carry back an NOL and to adjust items related to the carryback (for example, the standard deduction).

CAUTION Do not use Form X-NOL to adjust your 2020 Wisconsin income for items not related to the Wisconsin NOL carryback. These items must be adjusted by amending Wisconsin Form 1 or 1NPR prior to filing Form X-NOL. For example, you have a federal NOL which affects the computation of certain income items on your 2020 Form 1, such as the Wisconsin taxable amount of unemployment income or the retirement income exclusion. Do not adjust for these items on Form X-NOL. Instead, you must first file an amended Wisconsin Form 1 to adjust your Wisconsin income. Enter the adjusted income from line 5 of the amended Form 1 on Form X-NOL, line 2 of column A.

General Instructions

References to your 2020 return are to your original return or to a previously filed amended return. If the amounts were previously adjusted by the department, fill in the amounts after adjustment.

Before completing Form X-NOL, obtain Wisconsin [Publication 120, Net Operating Losses for Individuals, Estates, and Trusts](#). This publication provides additional information about completing Form X-NOL. You can get this publication from any Department of Revenue office.

Specific Instructions

Line 1 Fill in the amount of NOL carryback that you can subtract for 2020 on line 1 of Column A.

- *If you filed a 2019 Form X-NOL to carryback a 2021 NOL* – The amount to fill in on line 1 is the lesser of (1) the 2021 NOL less your 2019 Wisconsin modified taxable income or (2) the amount from line 9 of your 2020 Form 1 (line 5 of Form 2 for estates and trusts). To determine Wisconsin modified taxable income, complete Schedule NOL2, *Net Operating Loss Deduction and Wisconsin Modified Taxable Income*. Attach a copy of [Schedule NOL2](#) to Form X-NOL.
- *If you are carrying back the 2021 NOL only to 2020* – The amount to fill in on line 1 is the lesser of your 2021 NOL or the amount from line 9 of your 2020 Form 1 (line 5 of Form 2 for estates or trusts).
- *If you are carrying back an NOL incurred in a taxable year beginning in 2022* – The amount to fill in on line 1 is the lesser of your 2022 NOL or the amount from line 9 of your 2020 Form 1 (line 5 of Form 2 for estates or trusts).
- *If your original return was filed on Form 1NPR* – The amount to fill in on line 1 of Form X-NOL is the lesser of (1) the amount from line 38 of your 2020 Form 1NPR multiplied by the ratio on line 33 of your 2020 Form 1NPR, or (2) the available NOL for the carryback year.

Note: To determine the amount of your NOL for 2020 or later tax years, complete [Schedule NOL1](#).

Special rules Special rules apply if you filed a joint return (or a separate return) for some but not all of the tax years involved in figuring an NOL carryback.

If you and your spouse were not married to each other in all years involved in figuring NOL carrybacks, only the spouse who had the loss can take the NOL deduction. If you file a joint return, the NOL deduction is limited to the income of that spouse.

For example, if your marital status changes because of death or divorce and in a later year you have an NOL, you can carry back that loss only to the part of the income reported on the joint return (filed with your former spouse) that was related to your taxable income. After you deduct the NOL in the carryback year, the joint rates apply to the resulting taxable income.

See Publication 120 for further information on changes in marital status or filing status. If you are affected by these changes, attach a computation showing how you figured the carryback.

Lines 2 through 11

Note If you filed Form 1NPR for 2020, do not complete lines 2 – 8. Instead complete a 2020 Form 1NPR for the carryback year that reflects the NOL carryback shown on line 1 of Form X-NOL. Complete this Form 1NPR through line 53. Then go to the instructions for line 9 of Form X-NOL.

Completing Column A (Before Carryback)

Enter in Column A the amounts as shown on your original 2020 return or a previously filed amended return. If the amounts were previously adjusted by the department, fill in the amounts after adjustment.

Estates and Trusts – Do not complete lines 2 - 5. Fill in on line 6 the taxable income from line 5 of your original 2020 Form 2 or as previously amended or adjusted by the department.

Completing Column B (After Carryback)

Estates and Trusts – Do not complete lines 2-5.

Line 2 The amount to enter in Column B is the Wisconsin income from Column A less the NOL deduction on line 1.

Line 3 Fill in the 2020 standard deduction based on the Wisconsin income on line 2. Standard deduction tables can be found in the Form 1 instructions for 2020. Prior year form instructions are available on the department's website at: revenue.wi.gov/Pages/HTML/formpub.aspx.

Line 5 Fill in the amount of exemptions from Column A.

Line 6 *Estates and Trusts* – The amount to enter in Column B is the taxable income from Column A less the NOL deduction from line 1.

Line 7 Use your refigured taxable income (line 6 of Column B) to refigure your tax for the carryback year. Tax tables can be found in the Form 1 instructions (Form 2 instructions for estates and trusts) for the appropriate year.

Line 8 Fill in the total nonrefundable credits from line 18 of Form 1 (line 9 of Form 2 for estates and trusts). The itemized deduction credit and the working families tax credit may need to be refigured. For those credits that were refigured, include in the total the refigured amount instead of the amount originally claimed. Your allowable credit for tax paid to another state may be reduced as it is limited to the amount of tax. See [Schedule OS](#). If your credit for tax paid to another state is reduced, use the reduced amount when figuring the total other credits.

Line 9 *Form 1 Filers and Estates and Trusts* – Subtract line 8 from line 7 in each column. If any result is less than zero, fill in 0 (zero).

Form 1NPR Filers – Fill in the amount from line 53 of your original 2020 Form 1NPR (or as previously amended or adjusted by the department) in the “Before Carryback” column of line 9. In the “After Carryback” column, fill in the amount from line 53 of the recomputed Form 1NPR that reflects the carryback of the NOL.

Lines 10 and 11 Complete lines 10 and 11. The amount on line 11 is your refund.

Exception If you are not married in the NOL year (or are married to a different spouse), and in the carryback year you were married and filed a joint return, your refund for the overpaid joint tax may be limited. You can claim a refund for the difference between your share of the refigured tax and your contribution toward the tax paid on the joint return. The refund cannot be more than the joint overpayment. See Part 8 of Publication 120 for information on figuring your share of the joint tax liability and figuring your contribution toward tax paid. If your refund is limited, replace the amount on line 11 with the amount of your limited refund. Attach a statement showing how you figured your refund.

Third Party Designee If you want to allow a tax preparer or tax preparation firm, family member, friend, or any other person to discuss your amended return with the department, fill in the designee's name, phone number, and any five

digits the designee chooses as his or her personal identification number (PIN). For further information, see the Form 1 or 1NPR instructions.

Note: Interest cannot be paid on a refund due to an NOL carryback.

Enclosures With Form X-NOL

If your original return was filed on Form 1NPR, enclose the revised form. Also enclose any statements, schedules, or worksheets showing how you figured amounts on Form X-NOL.

Where to Mail Form X-NOL

Mail your Form X-NOL to:

Wisconsin Department of Revenue
PO Box 8991
Madison WI 53708-8991

Applicable Laws and Rules

This document provides statements or interpretations of the following laws and regulations in effect as of October 5, 2021: Chapter 71, Wis. Stats.