

Instructions for 2022 Form 4BL

Wisconsin Net Business Loss Carryforward for Separate Entity Corporations

Purpose of Form 4BL

A corporation that files as a separate entity uses Form 4BL to determine the amount of available net business loss carryforward for the current year. Corporations that are members of a combined group must complete Form 6BL on a separate company basis.

Net business losses may be carried forward and offset against net income for up to 20 years. The corporation must have sustained the loss in a taxable year in which it was subject to Wisconsin franchise or income taxation. **Carrybacks are not permitted.**

A net business loss may not be used to offset Wisconsin income unless the incurred loss was computed on a return that was filed within four years of the unextended due date for filing the original return for the taxable year in which the loss was incurred.

In the case of a merger, acquisition, ownership change, etc., occurring in the 1987 taxable year or thereafter, any net business losses that would be available to the predecessor corporation are available to the successor corporation, as provided in section 381 of the Internal Revenue Code (IRC). However, the Wisconsin losses may be limited as provided in IRC section 382. **Provide the predecessor's name and FEIN and attach a copy of its Form 4BL to document the Wisconsin loss.**

Form 4BL should only be used by corporations filing on a separate entity basis.

Short periods

A short period return is considered a taxable year. Under Internal Revenue Code sec. 443(b)(1) and (3)(d), the net income on a short period return is annualized by multiplying the net income for the short period by 12 and dividing by the number of months in the short period, with the tax prorated based on the number of months in the short period. Wisconsin follows these provisions. In order to properly reflect the NBL used on Form 4BL, the NBL must be annualized.

For example: Corporation B has a short period taxable year from January 1, 2022, through March 31, 2022. The \$5,000 NBL attributable to this period is multiplied by 12 and divided by 3 for an annualized NBL of \$20,000.

Column Instructions

Column (b). For the years shown in column (a), enter the amount, if any, of Wisconsin net business loss incurred.

Column (c). For the years shown in column (a), enter the amount, if any, of Wisconsin net income **before** applying any net business loss carryforwards.

Note for columns (b) and (c): Corporations filing income tax returns rather than franchise tax returns must adjust the amounts to enter in column (b) or (c) by reversing any exclusions of interest earned on obligations of the United States government.

Column (d). For those years in which income is reported in column (c), enter, as a negative number, any net business losses from prior years which were used to offset that income. Apply only as much loss as is needed to reduce the income to zero. Also enter in column (d) any net business loss from a prior year that expired at the end of this taxable year.

Column (e). Enter the year or years in which the loss shown in column (d) was incurred. Offset the oldest losses first.

Column (f). Enter the total loss carryforward available at the end of each taxable year. This is the column (f) amount for the immediately preceding taxable year increased by any net business loss incurred in the taxable year and decreased by (1) any loss used to offset net income of the taxable year and (2) any loss that expired at the end of the taxable year.

Enter the amount of loss shown on line 30, column f, on Form 4, line 14.

Additional Information and Assistance

Web Resources

The Department of Revenue's web page, available at revenue.wi.gov, has a number of resources to provide additional information and assistance, including:

- Related [forms](#) and their instructions
- [Common questions](#)
- [Publications](#) on specific tax topics
- The [Wisconsin Tax Bulletin](#)
- A home page specifically for [combined reporting topics](#)
- Links to the [Wisconsin Statutes and Administrative Code](#)

Contact Information

If you cannot find the answer to your question in the resources available on the Department of Revenue's web page, contact the department using any of the following methods:

- E-mail your question to: DORFranchise@wisconsin.gov
- Call (608) 266-2772
(Telephone help is also available using TTY equipment. Call the Wisconsin Telecommunications Relay System at 711 or, if no answer, (800) 947-3529. These numbers are to be used only when calling with TTY equipment.)
- Send a fax to (608) 267-0834
- Write to the Audit Bureau, Wisconsin Department of Revenue, Mail Stop 3-107, PO Box 8906, Madison, WI 53708-8906

Applicable Laws and Rules

This document provides statements or interpretations of the following laws and regulations in effect as of November 9, 2022: Chapter 71 Wis. Stats., and Chapter Tax 2, Wis. Adm. Code