2014 Instructions for Carryback of Net Operating Loss (NOL)

Purpose of 2014 Form X-NOL

For NOLs incurred in taxable years beginning in 2015, 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 2014 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). Do NOT use Form X-NOL to adjust your 2014 income for items not related to the NOL carryback.

General Instructions

References to your 2014 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 and copies of worksheets that will be needed when completing Form X-NOL. Publication 120 is available from the department's website at revenue.wi.gov/pubs/pb120.pdf. You can also 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 2014 on line 1 of Column A.

- *If you filed a 2013 Form X-NOL to carryback a 2015 NOL* – The amount to fill in on line 1 is the lesser of (1) the 2015 NOL less your 2013 Wisconsin modified taxable income or (2) the amount from line 18 of your 2014 Form 1 (line 5 of Form 2 for estates and trusts). For information on determining Wisconsin modified taxable income, see Worksheet 2 in the Appendix of Publication 120.
- *If you are carrying back the 2015 NOL only to 2014* – The amount to fill in on line 1 is the lesser of your 2015 NOL or the amount from line 18 of your 2014 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 2016* – The amount to fill in on line 1 is the lesser of your 2016 NOL or the amount from line 18 of your 2014 Form 1 (line 5 of Form 2 for estates or trusts).
- *If your original 2014 return was filed on Form 1NPR* – Complete Worksheet 4, *Allowable Deduction for a Wisconsin NOL Carryback or Carryforward.* Worksheet 4 can be found in the Appendix of Publication 120. Use amounts from your 2014 return when completing the worksheet. The amount to fill in on line 1 of Form X-NOL is the lesser of (1) the amount from line 9 of Worksheet 4 or (2) the available NOL for the year.

Note: To determine the amount of your NOL for a year, complete Worksheet 1 which can be found in the Appendix of Publication 120.

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 change 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 12

Note If you filed Form 1NPR for 2014, do not complete lines 2 – 12. Instead complete a 2014 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 59. Then go to the instructions for line 13 of Form X-NOL.

Completing Column A (Before Carryback)

Enter in Column A the amounts as shown on your original 2014 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 2014 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 2014 standard deduction based on the Wisconsin income on line 2. Standard deduction tables can be found in the Form 1 instructions for 2014. Prior year form instructions are available on the department's website at: revenue.wi.gov/html/formpub.html.

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 Various credits are claimed on lines 20-24 of Form 1 (line 7 of Form 2 for estates and trusts). The itemized deduction credit and the working families tax credit may need to be refigured. Include on line 8 the total of all credits claimed on lines 20-24 of Form 1 (line 7 of Form 2 for estates and trusts), but for those credits that were refigured, include in the total the refigured amount instead of the amount originally claimed.

Line 10 The carryback of an NOL may affect or cause you to owe alternative minimum tax. Use 2014 Schedule MT to figure this tax.

Line 12 Fill in the total other credits from line 32 of Form 1 (line 13 of Form 2 for estates and trusts). 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 13

Form 1 Filers and Estates and Trusts – Subtract line 12 from line 11 in each column. If any result is less than zero, fill in a zero (-0-).

Form 1NPR Filers – Fill in the amount from line 59 of your original 2014 Form 1NPR (or as previously amended or adjusted by the department) in the "Before Carryback" column of line 13. In the "After Carryback" column, fill in the amount from line 59 of the recomputed Form 1NPR that reflects the carryback of the NOL.

Lines 14 and 15 Complete lines 14 and 15. The amount on line 15 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 VIII 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 15 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

Enclose copies of Worksheet 1. If your original return was filed on Form 1NPR, enclose the revised Form 1NPR and Worksheet 4. Also enclose any statements or schedules 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