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## Nailing Down an NOL

Forrest Davis, EA

[http://davis-tax.com/download/NOL\\_resources.pdf](http://davis-tax.com/download/NOL_resources.pdf)

### Articles:

- Overview of the Net Operating Loss Carryback and Carryforward  
<http://www.accountingtools.com/nol-carryforward>
- Carrying Back Net Operating Losses  
<http://www.journalofaccountancy.com/Issues/2011/Aug/20114198.htm?action=print>
- Mitigating the Results of a Failure to Carry Back an NOL  
<http://www.aicpa.org/publications/taxadviser/2011/august/pages/clinic-story-06.aspx?action=print>
- What You Should Know About Carryback and Carryforward Rules  
<http://taxation.lawyers.com/business-taxation/What-You-Should-Know-About-Carryback-and-Carryforward-Rules.html>
- Net Operating Losses and U.S. Income Taxes  
<http://voices.yahoo.com/net-operating-losses-us-income-taxes-14998.html>
- Net Operating Loss Carryback/Carryover Calculator  
<http://www.dinkytown.net/java/NOLCarryover.html>

### IRS resources

- Publication 536, Net Operating Losses (NOLs)  
<http://www.irs.gov/publications/p536/>
- Form 1045, Application for Tentative Refund  
<http://www.irs.gov/pub/irs-pdf/f1045.pdf>
- Form 1045 Instructions  
<http://www.irs.gov/pub/irs-pdf/i1045.pdf>
- Net Operating Loss Carryback, Sec. 179 Deduction and Other ARRA Business Provisions  
<http://www.irs.gov/uac/Net-Operating-Loss-Carryback,-Sec.-179-Deduction-and-Other-ARRA-Business-Provisions>

Table 1. **Worksheet for NOL Carryover From 2012 to 2013 (For an NOL Year Before 2012)\***

For Use by Individuals, Estates, and Trusts (Keep for your records.)  
See the instructions under NOL Carryover From 2012 to 2013.



<b>NOL YEAR:</b> _____	
<b>USE YOUR 2012 FORM 1040, FORM 1040NR (OR FORM 1041) TO COMPLETE THIS WORKSHEET:</b>	
1. Enter as a positive number your NOL deduction for the NOL year entered above from line 21 (Form 1040 or Form 1040NR) or line 15a (Form 1041) . . . . .	
2. Enter your taxable income without the NOL deduction for 2012 (see instructions) . . . . .	
3. Enter as a positive number any net capital loss deduction . . . . .	
4. Enter as a positive number any gain excluded on the sale or exchange of qualified small business stock . . . . .	
5. Enter the amount of any domestic production activities deduction . . . . .	
6. Enter any adjustments to your adjusted gross income (see instructions) . . . . .	
7. Enter any adjustments to your itemized deductions from line 33 below (see instructions) . . . . .	
8. Enter your deduction for exemptions from line 42 (Form 1040), line 40 (Form 1040NR), or line 20 (Form 1041) . . . . .	
9. <b>Modified taxable income.</b> Combine lines 2 through 8. Enter the result (but not less than zero) . . . . .	
10. <b>NOL carryover to 2013.</b> Subtract line 9 from line 1. Enter the result (but not less than zero) here and on the "other income" line of Form 1040 or Form 1040NR (or the line on Form 1041 for deductions NOT subject to the 2% floor) in 2013 . . . . .	
<b>ADJUSTMENTS TO ITEMIZED DEDUCTIONS (INDIVIDUALS ONLY):</b>	
11. Enter your adjusted gross income without the NOL deduction for the NOL year entered above or later years. (see instructions) . . . . .	
12. Combine lines 3, 4, 5, and 6 above . . . . .	
13. <b>Modified adjusted gross income.</b> Combine lines 11 and 12 above . . . . .	
<b>ADJUSTMENT TO MEDICAL EXPENSES:</b>	
14. Enter your medical expenses from Schedule A (Form 1040), line 4 . . . . .	
15. Enter your medical expenses from Schedule A (Form 1040), line 1 . . . . .	
16. Multiply line 13 above by 7.5% (.075) . . . . .	
17. Subtract line 16 from line 15. Enter the result (but not less than zero) . . . . .	
18. Subtract line 17 from line 14 . . . . .	
<b>ADJUSTMENT TO MORTGAGE INSURANCE PREMIUMS:</b>	
19. Enter your mortgage insurance premiums deduction from Schedule A (Form 1040), line 13 . . . . .	
20. Refigure your mortgage insurance premiums deduction using line 13 above as your adjusted gross income (see instructions) . . . . .	
21. Subtract line 20 from line 19 . . . . .	
<b>ADJUSTMENT TO CHARITABLE CONTRIBUTIONS:</b>	
22. Enter your charitable contributions deduction from Schedule A (Form 1040), line 19, or Schedule A (Form 1040NR), line 5 . . . . .	
23. Refigure your charitable contributions deduction using line 13 above as your adjusted gross income. (see instructions) . . . . .	
24. Subtract line 23 from line 22 . . . . .	
<b>ADJUSTMENT TO CASUALTY AND THEFT LOSSES:</b>	
25. Enter your casualty and theft losses from Form 4684, line 18 . . . . .	
26. Multiply line 13 above by 10% (.10) . . . . .	
27. Subtract line 26 from line 25. Enter the result (but not less than zero) . . . . .	
<b>ADJUSTMENT TO MISCELLANEOUS DEDUCTIONS:</b>	
28. Enter your miscellaneous deductions from Schedule A (Form 1040), line 27, or Schedule A (Form 1040NR), line 13 . . . . .	
29. Enter your miscellaneous deductions from Schedule A (Form 1040), line 24, or Schedule A (Form 1040NR), line 10 . . . . .	
30. Multiply line 13 above by 2% (.02) . . . . .	
31. Subtract line 30 from line 29. Enter the result (but not less than zero) . . . . .	
32. Subtract line 31 from line 28. . . . .	
<b>TENTATIVE TOTAL ADJUSTMENT:</b>	
33. Combine lines 18, 21, 24, 27, and 32, and enter the result here . . . . .	

\*Note: If you choose to waive the carryback period, and instead you choose to only carry your 2012 NOL forward, use Schedule A, Form 1045 to compute your 2012 NOL that will be carried over to 2013. Report your 2012 NOL from line 25, Schedule A, Form 1045, on the "other income" line of your 2013 Form 1040 or Form 1040NR, or the line on Form 1041 for deductions NOT subject to the 2% floor in 2013.

# Net Operating Loss Worksheet #1

## Allocation of INCOME between business and nonbusiness for the NOL calculation

Item	Tax Return Amount	Business Amount	Nonbusiness Amount
Wages, salaries, tips, etc.....	\$ _____	\$ _____	XXXXXXXXXX
Interest.....	_____	XXXXXXXXXX	\$ _____
Dividends.....	_____	XXXXXXXXXX	_____
Taxable state income tax refunds—Allocate.....	_____	_____	_____
Alimony received.....	_____	XXXXXXXXXX	_____
Schedule C income or loss.....	_____	_____	XXXXXXXXXX
Form 4797 gain or loss.....	_____	_____	XXXXXXXXXX
Taxable pension, annuity and IRA distributions.....	_____	XXXXXXXXXX	_____
Schedule E income or loss—Allocate.....	_____	_____	_____
Schedule F income or loss.....	_____	_____	XXXXXXXXXX
Unemployment compensation <sup>1</sup> .....	_____	_____	_____
Taxable Social Security benefits.....	_____	XXXXXXXXXX	_____
Other income—Allocate.....	_____	_____	_____
<b>Total</b> (Enter Nonbusiness Amount on <a href="#">Net Operating Loss Worksheet #2 on Page 3-11</a> , line 7).....	\$ _____	\$ _____	\$ _____
<b>Capital Transactions (Schedule D)—Before loss limits and Section 1202 exclusion</b>			
Capital losses—Allocate (Enter on <a href="#">Net Operating Loss Worksheet #2 on Page 3-11</a> , lines 2 and 11).....	\$ _____	\$ _____	\$ _____
Capital gains—Allocate (Enter on <a href="#">Net Operating Loss Worksheet #2 on Page 3-11</a> , lines 3 and 12).....	\$ _____	\$ _____	\$ _____

## Allocation of DEDUCTIONS between business and nonbusiness for the NOL calculation

Item	Tax Return Amount	Business Amount	Nonbusiness Amount
Educator expenses.....	\$ _____	\$ _____	XXXXXXXXXX
Certain business expenses of reservists, performing artists and fee-based government officials.....	_____	_____	XXXXXXXXXX
Health savings account or MSA deduction.....	_____	XXXXXXXXXX	\$ _____
Moving expenses.....	_____	_____	XXXXXXXXXX
Deductible part of self-employment tax.....	_____	_____	XXXXXXXXXX
Self-employed SEP, SIMPLE and qualified plans.....	_____	XXXXXXXXXX	_____
Self-employed health insurance deduction.....	_____	_____	XXXXXXXXXX
Penalty of early withdrawal of savings.....	_____	XXXXXXXXXX	_____
Alimony paid.....	_____	XXXXXXXXXX	_____
IRA deduction.....	_____	XXXXXXXXXX	_____
Student loan interest deduction.....	_____	XXXXXXXXXX	_____
Tuition and fees deduction.....	_____	XXXXXXXXXX	_____
Domestic production activities deduction.....	_____	_____	XXXXXXXXXX
Other deductions—Allocate.....	_____	_____	_____
Standard deduction (if claimed).....	_____	XXXXXXXXXX	_____
<b>Itemized Deductions</b>			
Medical after AGI limitation.....	_____	XXXXXXXXXX	_____
Taxes paid—Allocate.....	_____	_____	_____
Interest paid.....	_____	XXXXXXXXXX	_____
Charitable contributions.....	_____	XXXXXXXXXX	_____
Casualty or theft losses.....	_____	_____	XXXXXXXXXX
Employee business expenses after AGI limitation.....	_____	_____	XXXXXXXXXX
Other miscellaneous expenses after AGI limitation—Allocate.....	_____	_____	_____
Miscellaneous expenses not subject to AGI limitation—Allocate.....	_____	_____	_____
<b>Total</b> (Enter Nonbusiness Amount on <a href="#">Net Operating Loss Worksheet #2 on Page 3-11</a> , line 6).....	\$ _____	\$ _____	\$ _____

<sup>1</sup> Regulations unclear as to whether amount is business or nonbusiness.

## Net Operating Loss Worksheet #2—Computation of NOL

1) Amount from 2012 Form 1040, line 41 .....	1) \$	
<b>ADJUSTMENTS:</b> Enter amounts on lines 2 through 24 as positive numbers.		
2) Nonbusiness capital losses before limit. (See <a href="#">Net Operating Loss Worksheet #1 on Page 3-10.</a> ).....	2)	
3) Nonbusiness capital gains without regard to any Section 1202 exclusion. (See <a href="#">Net Operating Loss Worksheet #1 on Page 3-10.</a> ).....	3)	
4) If line 2 is larger than line 3, enter the difference; otherwise, enter -0-.....	4)	
5) If line 3 is larger than line 2, enter the difference; otherwise, enter -0-.....	5)	
6) Nonbusiness deductions. (See <a href="#">Net Operating Loss Worksheet #1 on Page 3-10.</a> ).....	6)	
7) Nonbusiness income other than capital gains. (See <a href="#">Net Operating Loss Worksheet #1 on Page 3-10.</a> ).....	7)	
8) Add lines 5 and 7.....	8)	
9) If line 6 is larger than line 8, enter the difference; otherwise, enter -0-.....	9)	
10) If line 8 is larger than line 6, enter the difference ( <b>but do not enter more than line 5</b> ); otherwise, enter -0-.....	10)	
11) Business capital losses before limitation. (See <a href="#">Net Operating Loss Worksheet #1 on Page 3-10.</a> ).....	11)	
12) Business capital gains without regard to any Section 1202 exclusion. (See <a href="#">Net Operating Loss Worksheet #1 on Page 3-10.</a> ).....	12)	
13) Add lines 10 and 12.....	13)	
14) Subtract line 13 from line 11. If zero or less, enter -0-.....	14)	
15) Add lines 4 and 14.....	15)	
16) Enter the loss, if any, from line 16 of Schedule D. If there is no loss on that line (and no Section 1202 exclusion), skip lines 16 through 21 and enter the amount from line 15 on line 22.....	16)	
17) Section 1202 exclusion.....	17)	
18) Subtract line 17 from line 16. If zero or less, enter -0-.....	18)	
19) Enter the loss, if any, from line 21 of Schedule D.....	19)	
20) If line 18 is more than line 19, enter the difference; otherwise, enter -0-.....	20)	
21) If line 19 is more than line 18, enter the difference; otherwise, enter -0-.....	21)	
22) Subtract line 20 from line 15. If zero or less, enter -0-.....	22)	
23) Domestic production activities deduction from Form 1040, line 35.....	23)	
24) Net operating loss deduction for losses from other years.....	24)	
25) Combine lines 1, 9, 17 and 21 through 24. (If negative, enter in brackets.) <b>This is the 2012 NOL.</b> .....	25) \$	

**Caution:** If line 25 is zero or a positive number, there is no NOL.


## Net Operating Loss Worksheet #3—NOL Carryback

**Note:** Use a separate worksheet for each carryback year. Start with the earliest carryback year. See [Using a Current-Year NOL on Page 6-15](#) for allowable carryback periods.

Year to which NOL is being carried back (the carryback year).....		
1) 2012 NOL that is being carried back to the carryback year (enter as a positive number).....	1) \$	
For the carryback year:		
2) Taxable income before 2012 NOL carryback (if zero shown on return, refigure without limiting to zero and enter as a negative number).....	2)	
3) Net capital loss deduction (enter as a positive number).....	3)	
4) Section 1202 exclusion (enter as a positive number).....	4)	
5) Domestic production activities deduction (enter as a positive number).....	5)	
6) Adjustment to adjusted gross income <sup>1</sup> .....	6)	
7) Adjustment to itemized deductions <sup>2</sup> (skip if taxpayer did not itemize in carryback year or amounts on lines 3–5 are zero).....	7)	
8) Enter deduction for exemptions.....	8)	
9) Modified taxable income.....	9)	
10) Unused NOL available for carryover. Subtract line 9 from line 1. (If amount is zero or less, there is no unused NOL.).....	10) \$	


<sup>1</sup> If an amount is entered on line 3 or 4, increase AGI for the carryback period by such amount(s) and recompute the following items for that year: passive activity loss allowance for rental real estate, taxable social security benefits, IRA deductions, excludable savings bond interest, exclusion for employer adoption assistance, student loan interest deduction and tuition and fees deduction. Enter on line 6 the total of the adjustments for these items.

<sup>2</sup> If an amount is entered on line 3, 4 or 5, recompute each itemized deduction for the carryback year using AGI for the carryback period plus the amounts on lines 3–6. Enter on line 7 the total of the adjustments, including any change in the AGI phase-out (if applicable).



# **Nailing down an NOL**

Forrest Davis, EA




## **Where an NOL comes from**

- Loss from an operating business (Schedule C)
- Rental loss (Schedule E)
- Sale of business-use asset (Form 4797)
- Casualty or theft (Form 4684)

## **Handling an NOL in 3 parts**

- NOL year
  - Calculate NOL
  - Make elections
- Carryback years
  - Apply NOL
- Carryforward years
  - Apply NOL

## **1. The NOL year**



## **Quick glance: Is there an NOL?**

- Is Line 22 negative?
  - *Maybe* an NOL
- Is there a capital loss (Ln/13)?
- NOL is a business loss only, so doesn't always match Ln/22

## **Calculate the NOL**

- Get IRS Form 1045
- Use Schedule A (page 2) to calculate NOL
- Print and save as worksheet
  - Doesn't file with return, so can still e-file

***NOL Calculation: The flow***

- Determine business income & loss
- Determine capital losses vs capital gains
- Determine unallowed items
- Determine nonbusiness deductions
- Determine nonbusiness income

***Business income***

- Schedule C net
- Rental income/loss
- K-1 pass-through (Sch/E)
- Farm income/loss
- Form 4797 gain/loss
- Wages, salaries, tips, etc.
- Unemployment compensation (?)

***Nonbusiness income***

- Portfolio income: interest, dividends
- Taxable state tax refunds (?)
- Taxable pension/IRA distributions
- Taxable Social Security
- Alimony received

***Disallowed items***

- Personal exemptions
- Capital losses (in excess of capital gains)
- NOL deduction for other years
- Domestic Production Activities Deduction
- Sec. 1202 small business stock exclusion
- Nonbusiness deductions exceeding nonbusiness income

***Nonbusiness deductions***

- IRA or self-employed retirement contributions
- HSA or MSA deduction
- Standard deduction
- Itemized deductions except for...

***Allowed itemized deductions***

- Casualty/theft loss (even for nonbusiness property)
- Employee business expense
- State income tax on business income
  - Including wages and unemployment benefits

**Business deductions  
(not adjusted for)**

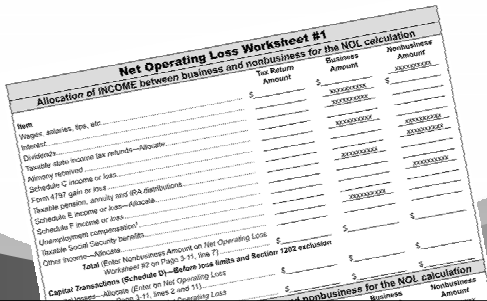
- Moving expenses
- Educator expenses
- Self-employed health insurance deduction
- Ordinary loss on SBC or SBIC stock

**Capital losses and gains  
(from Sch/D)**

- Total of transactions with ST or LT losses (Ln/2)
- Total of transactions with ST or LT gains (Ln/3)
- Separate transactions that are business-related (Ln/11-12)
- The \$3,000 deduction limit isn't considered

**QuickFinder NOL Worksheets**

- QuickFinder pages 3-10 and 3-11



**Putting the pieces together:  
F/1045 Sch/A**

- Start: F/1040 income *after* standard/ itemized deductions from Ln/41
  - Not AGI, not taxable income
- Ln/ 2-4 & 11-13: capital loss limits
- Ln/6-8: Nonbusiness deductions vs income
- Ln/16-21: Specialty adjustments

**F/1045 Sch/A flow**

1. Personal capital losses that exceed gains
  - Sch/D Ln/16 if no business-related items
2. Nonbusiness income less nonbusiness deductions
3. #2 less #1 = Nonbusiness deduction limit (Ln/9)
4. Business capital gains/losses
5. Business capital net less personal capital net
  - Biz CG add-back to Ln/15
6. Add back adjustments from 9, 17 & 22 to Ln/1

**Now what?**

- Now that you have an NOL number, what do you do with it?
- Carryback to previous years
  - Default
  - Recoup refund from old taxes paid
  - Worthwhile only if significant tax in earlier years
- Carryforward election
  - Elect to forego carryback

**Carryback Period**

- **General: 2 years (2013 --> 2011)**
- Casualty or theft: 3 years
- Federally declared disaster for qualified small business: 3 years
- Farming: 5 years
- Qualified disaster loss before 2010: 5 years
- Qualified GO Zone loss: 5 years
- Specified liability loss: 10 years
  - Payment under workers compensation act
  - Product liability
  - Land reclamation
  - Remediation of environmental contamination
  - Dismantling of a drilling platform

**How to do an NOL carryback**

- First carry the entire NOL to the earliest carryback year.
- If the NOL is not used up, carry the rest to the next earliest carryback year, and so on.
- If you waive the carryback period or do not use up the NOL in the carryback period, carry forward what remains of the NOL to the 20 tax years following the NOL year.

**Choice of forms**

- Use either Form 1045 or Form 1040X.
- Get a refund faster by using Form 1045, but there is a shorter time to file it.
  - Within one year after the end of the NOL year
- A single Form 1045 can apply an NOL to all carryback years
- Use a separate Form 1040X for each carryback year
  - File Form 1040X within 3 years after the due date, including extensions, for the NOL year
  - *For a 2010 NOL carryback to 2007, file by Apr. 15, 2014*

**Refigure the tax: what's affected**

- \$25K allowance for passive activity losses
- Taxable Social Security
- IRA deductions
- Excludable savings bond interest
- Excludable employer-provided adoption benefits
- Student loan interest deduction
- Tuition and fees deduction
- Alternative Minimum Tax

**Also affected:**

- Medical expenses threshold
- Mortgage insurance premiums
- Casualty loss deduction
- Miscellaneous itemized deductions subject to the 2% limit
  - Employee business expenses
- Overall limit on itemized deductions (before 2010)
- Phaseout of the deduction for exemptions (before 2010)
- Qualified motor vehicle tax (before 2010)

**Do not refigure**

- Deduction for charitable contributions
- Self-employment tax



### ***Carryover of unused NOL***

- Calculate on F/1045 Schedule B
- Start with Modified Taxable Income
  - No capital loss, exemptions, other year NOL, domestic production
- Use oldest first if more than one NOL
- NOL Carryover Worksheet:  
Pub 536, pg 17

### ***Electing out of carryback***

- The simplest solution for many taxpayers is to elect to carry the NOL forward
- Taxpayers may not have the records they need to do a carryback
- They may not want to deal with the complexity of doing a carryback
- They may not have enough taxable income in carryback years to justify the time
- NOL may carry forward to up to 20 years

### ***Making the election***

- Attach a statement to the original return filed by the due date (including extensions) for the NOL year
- Or, make the choice on an amended return filed within 6 months of the due date of the return (excluding extensions)
- If the statement is not filed in time, the carryback period cannot be waived
- The election generally is irrevocable

### ***The end is in sight?***



For the year Jan. 1–Dec. 31, 2013, or other tax year beginning , 2013, ending , 20 See separate instructions.

Your first name and initial Last name Your social security number

If a joint return, spouse's first name and initial Last name Spouse's social security number

Home address (number and street). If you have a P.O. box, see instructions. Apt. no. Make sure the SSN(s) above and on line 6c are correct.

City, town or post office, state, and ZIP code. If you have a foreign address, also complete spaces below (see instructions). Presidential Election Campaign

Foreign country name Foreign province/state/county Foreign postal code Check here if you, or your spouse if filing jointly, want \$3 to go to this fund. Checking a box below will not change your tax or refund. You Spouse

Filing Status

- 1 Single 2 Married filing jointly (even if only one had income) 3 Married filing separately. Enter spouse's SSN above and full name here. 4 Head of household (with qualifying person). (See instructions.) If the qualifying person is a child but not your dependent, enter this child's name here. 5 Qualifying widow(er) with dependent child

Exemptions

Table with columns for dependent details: (1) First name, Last name, (2) Dependent's social security number, (3) Dependent's relationship to you, (4) if child under age 17 qualifying for child tax credit. Includes summary boxes for 'Boxes checked on 6a and 6b', 'No. of children on 6c who...', and 'Add numbers on lines above'.

Income

Table for income reporting with lines 7 through 22. Includes sub-rows for taxable interest (8a, 8b), qualified dividends (9a, 9b), and social security benefits (20a, 20b). Total income is reported on line 22.

Adjusted Gross Income

Table for adjusted gross income reporting with lines 23 through 37. Includes deductions for educator expenses, business expenses, health savings account, moving expenses, self-employment tax, SEP/IRA plans, health insurance, and student loan interest. Adjusted gross income is reported on line 37.

Tax and Credits

38 Amount from line 37 (adjusted gross income)
39a Check [ ] You were born before January 2, 1949, [ ] Blind. Total boxes checked 39a
b If your spouse itemizes on a separate return or you were a dual-status alien, check here 39b
40 Itemized deductions (from Schedule A) or your standard deduction (see left margin)
41 Subtract line 40 from line 38
42 Exemptions. If line 38 is \$150,000 or less, multiply \$3,900 by the number on line 6d. Otherwise, see instructions
43 Taxable income. Subtract line 42 from line 41. If line 42 is more than line 41, enter -0-
44 Tax (see instructions). Check if any from: a [ ] Form(s) 8814 b [ ] Form 4972 c [ ]
45 Alternative minimum tax (see instructions). Attach Form 6251
46 Add lines 44 and 45
47 Foreign tax credit. Attach Form 1116 if required
48 Credit for child and dependent care expenses. Attach Form 2441
49 Education credits from Form 8863, line 19
50 Retirement savings contributions credit. Attach Form 8880
51 Child tax credit. Attach Schedule 8812, if required
52 Residential energy credits. Attach Form 5695
53 Other credits from Form: a [ ] 3800 b [ ] 8801 c [ ]
54 Add lines 47 through 53. These are your total credits
55 Subtract line 54 from line 46. If line 54 is more than line 46, enter -0-

Other Taxes

56 Self-employment tax. Attach Schedule SE
57 Unreported social security and Medicare tax from Form: a [ ] 4137 b [ ] 8919
58 Additional tax on IRAs, other qualified retirement plans, etc. Attach Form 5329 if required
59a Household employment taxes from Schedule H
b First-time homebuyer credit repayment. Attach Form 5405 if required
60 Taxes from: a [ ] Form 8959 b [ ] Form 8960 c [ ] Instructions; enter code(s)
61 Add lines 55 through 60. This is your total tax

Payments

62 Federal income tax withheld from Forms W-2 and 1099
63 2013 estimated tax payments and amount applied from 2012 return
64a Earned income credit (EIC)
b Nontaxable combat pay election 64b
65 Additional child tax credit. Attach Schedule 8812
66 American opportunity credit from Form 8863, line 8
67 Reserved
68 Amount paid with request for extension to file
69 Excess social security and tier 1 RRTA tax withheld
70 Credit for federal tax on fuels. Attach Form 4136
71 Credits from Form: a [ ] 2439 b [ ] Reserved c [ ] 8885 d [ ]
72 Add lines 62, 63, 64a, and 65 through 71. These are your total payments

Refund

73 If line 72 is more than line 61, subtract line 61 from line 72. This is the amount you overpaid
74a Amount of line 73 you want refunded to you. If Form 8888 is attached, check here
b Routing number
c Type: [ ] Checking [ ] Savings
d Account number
75 Amount of line 73 you want applied to your 2014 estimated tax

Amount You Owe

76 Amount you owe. Subtract line 72 from line 61. For details on how to pay, see instructions
77 Estimated tax penalty (see instructions)

Third Party Designee

Do you want to allow another person to discuss this return with the IRS (see instructions)? [ ] Yes. Complete below. [ ] No
Designee's name Phone no. Personal identification number (PIN)

Sign Here

Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

Joint return? See instructions. Keep a copy for your records.

Your signature Date Your occupation Daytime phone number
Spouse's signature. If a joint return, both must sign. Date Spouse's occupation If the IRS sent you an Identity Protection PIN, enter it here (see inst.)

Paid Preparer Use Only

Print/Type preparer's name Preparer's signature Date Check [ ] if self-employed PTIN
Firm's name Firm's EIN
Firm's address Phone no.

**Schedule A—NOL** (see instructions)

<b>1</b>	Enter the amount from your 2013 Form 1040, line 41, or Form 1040NR, line 39. Estates and trusts, enter taxable income increased by the total of the charitable deduction, income distribution deduction, and exemption amount . . . . .		<b>1</b>
<b>2</b>	Nonbusiness capital losses before limitation. Enter as a positive number	<b>2</b>	
<b>3</b>	Nonbusiness capital gains (without regard to any section 1202 exclusion)	<b>3</b>	
<b>4</b>	If line 2 is more than line 3, enter the difference. Otherwise, enter -0-	<b>4</b>	
<b>5</b>	If line 3 is more than line 2, enter the difference. Otherwise, enter -0-	<b>5</b>	
<b>6</b>	Nonbusiness deductions (see instructions) STANDARD DEDUCTION	<b>6</b>	
<b>7</b>	Nonbusiness income other than capital gains (see instructions) INTEREST	<b>7</b>	
<b>8</b>	Add lines 5 and 7	<b>8</b>	
<b>9</b>	If line 6 is more than line 8, enter the difference. Otherwise, enter -0-		<b>9</b>
<b>10</b>	If line 8 is more than line 6, enter the difference. Otherwise, enter -0-. <b>But do not enter more than line 5</b>	<b>10</b>	
<b>11</b>	Business capital losses before limitation. Enter as a positive number	<b>11</b>	
<b>12</b>	Business capital gains (without regard to any section 1202 exclusion)	<b>12</b>	
<b>13</b>	Add lines 10 and 12	<b>13</b>	
<b>14</b>	Subtract line 13 from line 11. If zero or less, enter -0-	<b>14</b>	
<b>15</b>	Add lines 4 and 14	<b>15</b>	
<b>16</b>	Enter the loss, if any, from line 16 of your 2013 Schedule D (Form 1040). (Estates and trusts, enter the loss, if any, from line 19, column (3), of Schedule D (Form 1041).) Enter as a positive number. If you do not have a loss on that line (and do not have a section 1202 exclusion), skip lines 16 through 21 and enter on line 22 the amount from line 15	<b>16</b>	
<b>17</b>	Section 1202 exclusion. Enter as a positive number		<b>17</b>
<b>18</b>	Subtract line 17 from line 16. If zero or less, enter -0-	<b>18</b>	
<b>19</b>	Enter the loss, if any, from line 21 of your 2013 Schedule D (Form 1040). (Estates and trusts, enter the loss, if any, from line 20 of Schedule D (Form 1041).) Enter as a positive number	<b>19</b>	
<b>20</b>	If line 18 is more than line 19, enter the difference. Otherwise, enter -0-	<b>20</b>	
<b>21</b>	If line 19 is more than line 18, enter the difference. Otherwise, enter -0-		<b>21</b>
<b>22</b>	Subtract line 20 from line 15. If zero or less, enter -0-		<b>22</b>
<b>23</b>	Domestic production activities deduction from your 2013 Form 1040, line 35, or Form 1040NR, line 34 (or included on Form 1041, line 15a)		<b>23</b>
<b>24</b>	NOL deduction for losses from other years. Enter as a positive number		<b>24</b>
<b>25</b>	<b>NOL.</b> Combine lines 1, 9, 17, and 21 through 24. If the result is less than zero, enter it here and on page 1, line 1a. If the result is zero or more, you <b>do not</b> have an NOL		<b>25</b>

**IRC Section 172 (b) (3)**

▶ Attach to your income tax return

Name(s) Shown on Return Glenn Johnson	Identification Number 601-55-7777
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Tax Year: 2013

**Election To Forego the Carryback  
Period for Net Operating Loss**

Pursuant to the Internal Revenue Code, Section 172(b)(3), the taxpayer,  
Glenn Johnson

irrevocably elects to relinquish the entire carryback period with respect to the  
net operating loss incurred for the taxable year ended ..... 12/31/2013