



# Montana Net Operating Loss For Year \_\_\_\_\_

## Worksheet 1

1. Montana adjusted gross income from Montana Form 2. Resident estates and trusts, skip lines 1 and 2. .... 1. \_\_\_\_\_
  2. Deductions:
    - 2a. Enter your itemized or standard deduction from your Montana Form 2. .... 2a. \_\_\_\_\_
    - 2b. Enter your deduction for exemptions from your Montana Form 2. .... 2b. \_\_\_\_\_
  - 2c. Add lines 2a and 2b. .... 2c. \_\_\_\_\_
  3. Subtract line 2c from line 1. Resident estates and trusts, enter taxable income increased by the sum of the charitable deduction and income distribution deduction. .... 3. \_\_\_\_\_
- Note: If line 3 is zero or more, do not complete the rest of the schedule. You do not have an NOL.
4. Deduction for exemptions from line 2b above. Estates and trusts, enter the exemption amount from tax return. .... 4. \_\_\_\_\_
  5. Total nonbusiness capital losses before limitation. Enter as a positive number. .... 5. \_\_\_\_\_
  6. Total nonbusiness capital gains (without regard to any section 1202 exclusion.) .... 6. \_\_\_\_\_
  7. If line 5 is more than line 6, enter the difference; otherwise, enter -0-. .... 7. \_\_\_\_\_
  8. If line 6 is more than line 5, enter the difference; otherwise, enter -0-. .... 8. \_\_\_\_\_
  9. Nonbusiness deductions. See instructions. .... 9. \_\_\_\_\_
  10. Nonbusiness income other than capital gains. See instructions. .... 10. \_\_\_\_\_
  11. Add lines 8 and 10. .... 11. \_\_\_\_\_
  12. If line 9 is more than line 11, enter the difference; otherwise, enter -0-. .... 12. \_\_\_\_\_
  13. If line 11 is more than line 9, enter the difference; otherwise, enter -0-. But do not enter more than line 8. . 13. \_\_\_\_\_
  14. Total business capital losses before limitation. Enter as a positive number. .... 14. \_\_\_\_\_
  15. Total business capital gains (without regard to any section 1202 exclusion). .... 15. \_\_\_\_\_
  16. Add lines 13 and 15. .... 16. \_\_\_\_\_
  17. Subtract line 16 from line 14. If zero or less, enter -0-. .... 17. \_\_\_\_\_
  18. Add lines 7 and 17. .... 18. \_\_\_\_\_
  19. Enter the loss, if any, from Schedule D (Form 1040). (Estates and trusts, enter the loss, if any, from Schedule D (Form 1041).) Enter as a positive number. If you do not have a loss this schedule (and do not have a section 1202 exclusion), skip lines 19 through 24 and enter on line 25 the amount from line 18. .... 19. \_\_\_\_\_
  20. Section 1202 exclusion. Enter as a positive number. .... 20. \_\_\_\_\_
  21. Subtract line 20 from line 19. If zero or less, enter -0-. .... 21. \_\_\_\_\_
  22. Enter the loss, if any, from the limitation line of Schedule D (Form 1040). (Estates and trusts, enter the loss from Schedule D (Form 1041)). Enter as a positive number. .... 22. \_\_\_\_\_
  23. If line 21 is more than line 22, enter the difference; otherwise, enter -0-. .... 23. \_\_\_\_\_
  24. If line 22 is more than line 21, enter the difference; otherwise, enter -0-. .... 24. \_\_\_\_\_
  25. Subtract line 23 from line 18. If zero or less, enter -0-. .... 25. \_\_\_\_\_
  26. NOL deduction for losses from other years. Enter as a positive number. .... 26. \_\_\_\_\_
  27. NOL. Combine lines 3, 4, 12, 20, 24, 25, and 26. If the result is less than zero, enter it here and on page 3 of the Montana worksheet. See instructions. If the result is zero or more, you do not have an NOL. .... 27. \_\_\_\_\_
  28. See instructions for details on how to report your NOL on Montana Form 2. .... 28. \_\_\_\_\_

Check here if electing to forego carryback of this NOL.  This election must be made on a timely filed original return.

Check box if you forego the 5 year carryback for 2001-2002 and elect the 2 year carryback.

If you are a farmer, indicate here the carryback period you are claiming

## Montana Net Operating Loss Calculation Instructions

For Montana NOL-99 Worksheet 1, Page 1

For tax years 1999 and forward.

**Line 1-** Enter your Montana adjusted gross income.

**Line 2-** Enter your Montana itemized or standard deductions and Montana exemptions

**Line 4- Adjustment for exemptions.** You cannot deduct your personal exemption or your exemptions for dependents. An estate or trust cannot deduct its exemption amount. Your adjustment is the total amount of exemptions you deducted.

**Line 9- Non business deductions.** Enter on line 9 as your non business deductions only those items that are not related to your trade or business or to your employment. For example, enter your deductions for alimony, contributions to IRA, or other retirement plan, medical expense, charitable contributions. If you do not itemize, include your standard deduction.

Do not include your deductions for casualty and theft loss or for the one-half of self employment tax. Treat these as business deductions.

Do not include your deductions for expenses that are ordinary and necessary in carrying on your trade or business or your employment, your deduction for your share of a business loss from a partnership or S-corporation, or related deductions for following items:

- Moving expense
- Federal income tax related to net business profits.
- Loss on property you rent out.

**Line 10- Non business income.** Enter on line 10 only income that is not related to your trade or business or your employment. For example, enter your annuity income, dividends, and interest from investments. Also include your share of non business income from partnerships and S-corporations.

Do not include the income you receive from your trade or business or your employment. This includes salaries and wages, self employment income, and your share of business income from partnerships and S-corporations. Also do not include rental income or ordinary gain from the sale or other disposition of business real estate or depreciable property.

**Line 20 - Adjustment for section 1202 exclusion.** Enter on Line 20 any gain you excluded on the sale or exchange of qualified small business stock.

**Line 22 thru line 25- Adjustments for capital losses.** You can deduct your nonbusiness capital losses (line 5) only up to the amount of your nonbusiness capital gains (line 6) without regard to any section 1202 exclusion. If your nonbusiness capital losses are more than your nonbusiness capital gains, you cannot deduct the excess.

You can deduct your business capital losses (line 14) only up to the total of:

- Your nonbusiness capital gains that are more than the total of your nonbusiness capital losses and excess nonbusiness deductions (line 13), and
- Your business capital gains (line 15), without regard to any section 1202 exclusion.

You had a nondeductible net capital loss if your net capital loss was more than your capital loss deduction. The adjustment on line 24 is your capital loss deduction (line 22) that is more than your net capital loss without regard to any section 1202 exclusion (line 21). The adjustment on line 25 is your non-deductible capital losses (line 18) that are more than the non-deductible net capital loss on your return (line 23) without regard to any section 1202 exclusion claimed on Schedule D.

**Line 26- Adjustments for NOL deduction.** You cannot deduct any NOL carryovers or carrybacks from other years. Your adjustment is the total amount of NOL deduction for losses from other years.

**Where to place your Net Operating Loss on Montana Form 2 or Form 2X.** If your Montana net operating loss carryback or carryforward is different from your Federal Net Operating loss carryback or forward included in your federal AGI, you must place the federal net operating loss carryover on the "Other Addition" line on the Montana return and deduct the Montana Net Operating Loss carryover on the "Other Reduction" line on the Montana return.

## Calculation of NOL Absorbed in Carryover Years

	Year _____	Year _____	Year _____	Year _____
1. Federal adjusted gross income as last determined (w/o loss) .....	_____	_____	_____	_____
2. Add: Adjustments				
(a) Capital gain deduction (Federal) .....	_____	_____	_____	_____
(b) Non-Montana interest .....	_____	_____	_____	_____
(c) Federal refund .....	_____	_____	_____	_____
(d) Capital loss deduction .....	_____	_____	_____	_____
3. Federal adjusted gross income as adjusted (add lines 1, 2a, 2b, 2c and 2d) .....	_____	_____	_____	_____
4. Less: Itemized deductions or standard deduction (complete lines A through O) .....	_____	_____	_____	_____
5. Modified Income (NOL absorbed) (line 3 minus line 4) .	_____	_____	_____	_____
<b>Itemized Deductions</b>				
A. 50% medical insurance premiums (1995 & 1996) and 100% medical insurance premiums (beginning 1997) ... *	_____	_____	_____	_____
B. Unadjusted medical expenses .....	_____	_____	_____	_____
C. 7.5% of line 3 .....	_____	_____	_____	_____
D. Subtract C from B .....	_____*	_____	_____	_____
E. Taxes .....	_____*	_____	_____	_____
F. Interest .....	_____*	_____	_____	_____
G. Contributions .....	_____*	_____	_____	_____
H. Unadjusted casualty Loss From Form 4684 .....	_____	_____	_____	_____
I. 10% of line 3 .....	_____	_____	_____	_____
J. Subtract I from H .....	_____*	_____	_____	_____
K. Unadjusted miscellaneous expenses .....	_____	_____	_____	_____
L. 2% of line 3 .....	_____	_____	_____	_____
M. Subtract line L from K .....	_____*	_____	_____	_____
N. Miscellaneous deductions (not subject to 2%) .....	_____*	_____	_____	_____
O. Total: (Add lines marked with an asterisk * A, D, E, F, G, J, M and N) .....	_____	_____	_____	_____

If carryover of a NOL is more than 4 years, attach an additional worksheet.

Line 1 may have to be adjusted when dealing with more than one NOL within the same year.

