



Montana Net Operating Loss Worksheet For Year _____

| | | | |
|-----|---|-----|-----|
| 1. | Montana adjusted gross income from Montana Form 2. Resident estates and trusts skip lines 1 and 2. | | 1. |
| 2. | Deductions: | | |
| | a. Enter itemized or standard deduction amount from Montana Form 2. | 2a. | |
| | b. Enter your exemption deduction from Montana Form 2. | 2b. | |
| | c. Add lines 2a and 2b. | | 2c. |
| 3. | Combine lines 1 and 2 c. Resident estates and trusts enter taxable income. | | 3. |
| 4. | Deduction for exemptions from line 2b above. Estates and trusts enter exemption amount from tax return. | 4. | |
| 5. | Total nonbusiness capital loss before limitation. (Enter as a positive number.) | 5. | |
| 6. | Total nonbusiness capital gains | 6. | |
| 7. | If line 5 is more than line 6, enter difference; otherwise enter -0-. | 7. | |
| 8. | If line 6 is more than line 5, enter 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 difference; otherwise enter -0-. | 12. | |
| 13. | If line 11 is more than line 9, enter difference; otherwise enter -0-. 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. | 15. | |
| 16. | Add lines 13 and 15. | 16. | |
| 17. | If line 14 is more than line 16, enter difference; otherwise enter -0-. | 17. | |
| 18. | Add lines 7 and 17. | 18. | |
| 19. | Enter the total loss from Schedule D Form 1040). (Estates and trusts enter the total loss from Schedule D (Form 1041). (Enter as a positive number.) If you do not have a loss on that line, skip lines 19 through 21 and enter on line 22 the amount from line 18. | 19. | |
| 20. | Enter the loss from the limitation line of Schedule D (Form 1040). Estates and trusts. Schedule D Form 1041). (Enter as a positive number.) | 20. | |
| 21. | Subtract line 20 from line 19. | 21. | |
| 22. | Subtract line 21 from line 18. If zero or less, enter -0-. | 22. | |
| 23. | Net operating loss deduction for losses from other years. Enter as a positive number. | 23. | |
| 24. | Add lines 4, 12, 22, and 23. | | 24. |
| 25. | Net Operating Loss. Combine lines 3 and 24. If the combined amount is less than zero, enter it here and on page 3 of the Montana NOL work sheets. See instructions for details on how to report your NOL on Montana Form 2. | | 25. |

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

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

Montana Net Operating Loss Calculation Instructions

For Montana NOL-99 Worksheet, 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.

Also 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 22- **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). 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).

Your adjustment is your nondeductible capital losses (line 18) that are more than the nondeductible net capital loss of your return (line 21). (You had a nondeductible net capital loss if your net capital loss was more than your capital loss deduction).

Line 23- **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 Loss Absorbed in Carryover Years

| | Year_____ | Year_____ | Year_____ | Year_____ |
|---|-----------|-----------|-----------|-----------|
| 1. Federal adjusted gross income as last determined (W/O loss) | _____ | _____ | _____ | _____ |
| 2. <u>Add:</u> 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) | _____ | _____ | _____ | _____ |
| Itemized Deductions | | | | |
| A. 50% medical insurance premiums (1995 & 1996). 100% medical insurance premiums (beginning 1997). * | _____ | _____ | _____ | _____ |
| B. Unadjusted medical expenses | _____ | _____ | _____ | _____ |
| C. 7.5% of line 3 (5% for 1986) | _____ | _____ | _____ | _____ |
| 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 * A, D, E, F, G, J, M and N) | _____ | _____ | _____ | _____ |

NOTE: 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.

