

Nebraska Net Operating Loss Worksheet

to Compute Loss Incurred During Tax Years 1988 through 2016

Taxable year of Net Operating Loss beginning _____, _____ and ending _____, _____

Names on Form 1040N

Your Social Security Number

Spouse's Social Security Number

Enter your federal net operating loss for this year. If you do not have a federal net operating loss, STOP here and see the instructions		<	>
1 Federal adjusted gross income (AGI) (line 5, Form 1040N) Do not complete this worksheet if you do not have a federal net operating loss for this year	1		00
2 Adjustments increasing federal AGI (see instructions)	2		00
3 Adjustments decreasing federal AGI (see instructions)	3		00
4 Federal AGI after Nebraska adjustments (line 1 plus line 2, minus line 3)	4		00
5 a Nebraska exemption deduction (line 6, Form 1040N) (1988-1992 only)	5a		00
b Nebraska standard deduction or Nebraska itemized deductions	5b		00
Total Nebraska deductions (total of lines 5a and 5b)	5		00
6 AGI after Nebraska adjustments minus total Nebraska deductions (line 4 minus line 5). (Note: If line 6 is zero or greater, do not complete the rest of this worksheet. You do not have a Nebraska net operating loss)	6		00
Adjustments			
7 Nebraska exemption deduction from line 5a above (1988-1992 only)	7		00
8 Nonbusiness capital losses before limitation (see Schedule A, Federal Form 1045). Enter the loss amount as a positive number	8		00
9 Nonbusiness capital gains (see Schedule A, Federal Form 1045)	9		00
10 If the amount on line 8 is more than the amount on line 9, enter the difference; otherwise, enter -0-	10		00
11 If the amount on line 9 is more than the amount on line 8, enter the difference; otherwise, enter -0-	11		00
12 Nonbusiness deductions or Nebraska standard deduction (see instructions)	12		00
13 Nonbusiness income excluding capital gains (see Schedule A, Federal Form 1045)	13		00
14 Total of lines 11 and 13	14		00
15 If the amount on line 12 is more than the amount on line 14, enter the difference; otherwise, enter -0-	15		00
16 If the amount on line 14 is more than the amount on line 12, enter the difference; otherwise, enter -0-. Do not enter an amount more than line 11	16		00
17 Business capital losses before limitation (without regard to any IRC § 1202 exclusion) (see Schedule A, Federal Form 1045). Enter the loss as a positive number ..	17		00
18 Business capital gains (see Schedule A, Federal Form 1045)	18		00
19 Total of lines 16 and 18	19		00
20 If the amount on line 17 is more than the amount on line 19, enter the difference; otherwise, enter -0-	20		00
• See special instructions for tax years 1988 through 1996.			
21 Total capital gains (add lines 10 and 20)	21		00
22 Enter the loss, if any, from line 16 of Schedule D, Federal Form 1040. (Estates and trusts, enter the loss, if any, from line 19, column (3), of Schedule D, Federal Form 1041). Enter the loss as a positive number. If you do not have a loss on that line (and do not have an IRC § 1202 exclusion), skip lines 22 through 26 and enter the amount from line 21 on line 27	22		00
23 IRC § 1202 exclusion. Enter the exclusion amount as a positive number	23		00
24 Subtract line 23 from line 22. If the result is zero or less, enter -0-	24		00
25 Enter the loss from line 21 of Sch. D, Form 1040. (Estates and trusts, enter the loss from line 20 of Schedule D, Form 1041). Enter the loss amount as a positive number ..	25		00
26 Subtract line 25 from line 24. If the result is zero or less, enter -0-	26		00
27 Subtract line 26 from line 21. If the result is zero or less, enter -0-	27		00
28 Domestic production activities deduction (line 35, Federal Form 1040)	28		00
29 Net operating loss deduction for losses from other years. Enter the total amount as a positive number	29		00
30 Add lines 7, 15, and 27 through 29	30		00
31 Nebraska net operating loss (combine lines 6 and 30). Note: If the combined amount is zero or greater, you do not have a Nebraska net operating loss	31		00

Attach this page to your original Form 1040N or to Amended Nebraska Individual Income Tax Return, Form 1040XN.

Nonresidents and partial-year residents—Also complete and attach Schedule I.

**Nebraska Schedule I—
Nebraska NOL Computation for Nonresidents or Partial-Year Residents**

32 Income derived from Nebraska sources, including Nebraska income from wages, interest, and dividends, business, farming, partnerships, limited liability companies, S corporations, estates and trusts, gain or loss, rents and royalties, any bonus depreciation add-back and enhanced IRC § 179 add-back for tax years before 2006, and any other Nebraska source income	32	00
33 Adjustments as applied to Nebraska income, if any.....	33	00
34 Nebraska income after adjustments (line 32 plus or minus line 33).....	34	00
35 Enter the amount from line 31	35	00
36 Enter the amount from line 34 or line 35, whichever is smaller. This is your Nebraska net operating loss. Note: If line 36 is zero or greater, you do not have a Nebraska net operating loss	36	00

Instructions

Use this worksheet to compute your Nebraska net operating loss (NOL) for tax years 1988 through 2016 that are available for carryback or carryforward. If you do not have a federal net operating loss, you do not have a Nebraska net operating loss under Nebraska law and should not complete this form. See [Neb. Rev. Stat. § 77-2716\(2\)](#). This worksheet **must** be attached to the Amended Nebraska Individual Income Tax Return, Form 1040XN, when an individual claims a carryback of a NOL incurred during tax years 1988 through 2016.

It must also be attached to the Nebraska Individual Income Tax Return, Form 1040N, when a deduction is claimed for a carryforward of a net operating loss. For tax years 1991 through 1996, special instructions are provided below for lines 22 and 25. Individual taxpayers have the same NOL carryback and carryforward periods as permitted for Federal NOLs.

For more information, see [IRS Regulation 1.172-3](#), [IRS Publication 536, Net Operating Losses](#), and Neb. Rev. Stat. § 77-2716(2) and [Regulation 22-005](#).

Line Instructions

Lines 2 and 3. Entries made on lines 2 or 3 that increase or decrease federal adjusted gross income (AGI) may require adjustments on other lines. The adjustments are limited to those reported on your original return.

Example. If an entry is made on line 3 to decrease federal AGI by the amount of interest received on U.S. government obligations, line 13 must also be reduced by the same amount.

Line 5a. Enter the Nebraska exemption deduction for tax years 1988 through 1992. Beginning in 1993, this deduction was replaced with a credit amount. For tax year 1993 and subsequent years, enter -0- on line 5a.

Line 5b. If you claimed the Nebraska standard deduction, enter the Nebraska standard deduction amount from Form 1040N. If you claimed Nebraska itemized deductions, enter the Nebraska itemized deductions from Form 1040N.

Line 12. If you itemized deductions on your federal return, enter the nonbusiness deductions (from Schedule A, Federal Form 1045), minus state and local income taxes claimed as a deduction. If the result is less than the amount of the Nebraska standard deduction to which you would have been entitled, enter the Nebraska standard deduction for your federal filing status.

If you did not itemize deductions on your federal return, enter the Nebraska standard deduction from Form 1040N.

Line 29. Enter the total amount of prior year losses as a positive amount.

Line Instructions for Tax Year 1991

Line 22. Enter the loss, if any, from line 17 of Schedule D, Federal Form 1040. Estates and trusts, enter the loss, if any, from line 17, column (c), of Schedule D, Federal Form 1041. Enter the loss amount as a positive number. If you do not have a loss on that line, skip lines 22 through 26 and enter the amount from line 21 on line 27.

Line 25. Enter the loss from line 18 of Schedule D, Form 1040. Estates and trusts, enter the loss from line 18 of Schedule D, Form 1041. Enter the loss amount as a positive number.

Line Instructions for Tax Year 1992

Line 22. Enter the loss, if any, from line 19 of Schedule D, Federal Form 1040. Estates and trusts, enter the loss, if any, from line 17, column (c), of Schedule D, Federal Form 1041. Enter the loss amount as a positive number. If you do not have a loss on that line, skip lines 22 through 26 and enter the amount from line 21 on line 27.

Line 25. Enter the loss from line 20 of Schedule D, Federal Form 1040. Estates and trusts, enter the loss from line 18 of Schedule D, Federal Form 1041. Enter the loss amount as a positive number.

Line Instructions for Tax Years 1993 through 1996

Line 22. Enter the loss, if any, from line 18 of Schedule D, Federal Form 1040. Estates and trusts, enter the loss, if any, from line 17, column (c), of Schedule D, Federal Form 1041. Enter the loss amount as a positive number. If you do not have a loss on that line, skip lines 22 through 26 and enter the amount from line 21 on line 27.

Line 25. Enter the loss from line 19 of Schedule D, Federal Form 1040. Estates and trusts, enter the loss from line 18 of Schedule D, Federal Form 1041. Enter the loss amount as a positive number.

Schedule I Instructions

Nonresident individuals or partial-year resident individuals are allowed to claim an NOL that does not exceed the portion of the NOL computed on this worksheet. The NOL must be derived from or connected with Nebraska sources.

Line 32. Enter income derived from Nebraska sources from Schedule III, Form 1040N, for the loss year. Include Nebraska income from wages, interest and dividends, business, farming, partnerships, limited liability companies, S corporations, estates and trusts, gain or loss, rents and royalties, and any bonus depreciation and enhanced IRC § 179 addback for tax years before 2006.

Line 33. Enter adjustments as applied to Nebraska income from Schedule III, Form 1040N.

Line 36. Enter this amount on the appropriate lines of the Nebraska Schedule III – Computation of Nebraska Tax.

If you are using	Enter the amount on
Form 1040XN-3	Line 56, Column B, Nebraska Schedule III
Form 1040XN-4	Line 50, Column B, Nebraska Schedule III
Form 1040XN-5	Line 53, Column B, Nebraska Schedule III
Form 1040XN 2001	Line 57, Column B, Nebraska Schedule III
Form 1040XN 2002	Line 59, Column B, Nebraska Schedule III
Forms 1040XN 2003 and 2004	Line 58, Column B, Nebraska Schedule III
Form 1040XN 2005	Line 59, Column B, Nebraska Schedule III
Forms 1040XN 2006, 2007, and 2008	Line 62, Column B, Nebraska Schedule III
Form 1040XN 2009	Line 63, Column B, Nebraska Schedule III
Form 1040XN 2010	Line 63, Nebraska Schedule III
Form 1040XN 2011	Line 62, Nebraska Schedule III
Form 1040XN 2012	Line 62, Nebraska Schedule III
Form 1040XN 2013	Line 62, Nebraska Schedule III
Form 1040XN 2014	Line 62, Nebraska Schedule III
Form 1040XN 2015	Line 1, Nebraska Schedule III
Form 1040XN 2016	Line 1, Nebraska Schedule III

How to Calculate an NOL Carryover

If your Nebraska NOL is more than your Nebraska taxable income or Nebraska source income in the year you are deducting the NOL, you can carry a portion of the NOL forward to another year. To compute the amount of the NOL carryover, it is necessary to calculate the Nebraska modified taxable income for the year of deduction. For residents this amount is then deducted from the Nebraska NOL to determine the amount of Nebraska NOL carryover which is available.

Nebraska Modified Taxable Income. Nebraska modified taxable income is federal modified taxable income computed on either Schedule B, Form 1045, or the worksheet for NOL carryover in Federal Publication 536, minus allowable adjustments increasing and decreasing Federal AGI identified in [Neb. Rev. Stat. §77-2716](#).

Note: No adjustment is made for Nebraska Special Capital Gains or Extraordinary Dividends deduction, Railroad Retirement benefits paid by the Railroad Retirement Board, or US Savings Bond Interest.

A nonresident or partial-year resident can use either of two methods to calculate the NOL carryover amount available. The amount of carryover can be determined by subtracting the Nebraska source income in the initial carryback or carryforward year from the Nebraska NOL. The remaining amount of the Nebraska NOL can be carried over to a later year. The nonresident or partial-year resident can also compute Nebraska modified taxable income for the year of carryback or carryforward and subtract this amount from the Nebraska NOL (see above). The remaining amount of the Nebraska NOL can be carried over to a later year. This carryover is used in the later year as an adjustment decreasing federal AGI and as a deduction from Nebraska source income.

Change in Resident Status. Where a resident's Nebraska NOL is carried back or carried forward to a year when the taxpayer is a nonresident or partial-year resident, the carryover amount is determined in the same manner as for Nebraska nonresidents or partial-year residents. Where a nonresident or partial-year resident carries back or carries forward a Nebraska NOL to a year when a resident return was filed, the carryover amount will be determined in the same manner as for Nebraska residents.

How to Claim an NOL Deduction

Deducting a Carryback. A Nebraska NOL is carried back to a prior year by filing an amended Nebraska income tax return for the carryback year. The Form NOL for the year of the loss must be attached to the amended return when filed. Also attach a copy of Schedule A (Federal Form 1045), and a copy of the Federal Form 1040X or 1045 filed for the carryback year. An amended Nebraska individual income tax return for a loss carryback must be filed within three years after the due date, with extensions, for filing the return for the NOL year. The Nebraska NOL must be applied in the same manner as the federal NOL. If the federal loss is carried back to past years, the Nebraska loss must also be carried back. If an election has been made to waive the entire carryback period for a federal NOL, this election must be followed for Nebraska purposes. A copy of the federal election must be attached to the Nebraska return filed for the loss year.

Residents. The calculated NOL deduction is entered on an amended return in the following manner: Any federal NOL which has been deducted in determining federal AGI is included as an adjustment increasing federal AGI (line 12 of Form 1040XN for the carryback year). The Nebraska NOL is included as an adjustment decreasing federal AGI (line 13 of Form 1040XN for the carryback year).

Nonresidents and Partial-Year Residents. When a nonresident or partial-year resident files an amended income tax return in order to deduct a Nebraska NOL, there are three adjustments which must be made. The amount of the Nebraska NOL from line 36 of Schedule I, Form NOL, is entered as an adjustment decreasing federal AGI (line 13 of Form 1040XN for the carryback year). The second adjustment is made if a federal NOL has also been deducted when calculating federal AGI for the carryback year (line 5 of Form 1040XN for the carryback year), this amount is entered as an adjustment increasing federal AGI (line 12 of Form 1040XN for the carryback year). The third adjustment is made to Schedule III of the amended return. The amount of the Nebraska NOL from line 36 of Schedule I, Form NOL, is entered as a net change decreasing income derived from Nebraska sources.

Deducting a Carryforward. If a Nebraska resident carries forward a Nebraska NOL deduction, he or she will report the loss deduction on Schedule I of Form 1040N. The Nebraska NOL deduction will be entered as an adjustment decreasing federal AGI on Part B of Schedule I. Any federal NOL which has been deducted on the federal return must be entered as an adjustment increasing federal AGI on Part A of Schedule I. The Nebraska NOL must be applied in the same manner as the federal NOL. If the federal loss is carried back to past years, the Nebraska loss must also be carried back. If an election has been made to forego the entire carryback period for a federal NOL, this election must be followed for Nebraska purposes. A copy of the federal election must be attached to the Nebraska return filed in the loss year.

A nonresident or partial-year resident makes three adjustments to properly deduct a Nebraska NOL in a carryforward year. An adjustment to federal AGI is made on Part B of Schedule I of Form 1040N in the amount of the Nebraska NOL carryforward. The second adjustment is made if a federal NOL has also been deducted when calculating federal AGI for the carryforward year. The federal NOL is entered on Form 1040N, Schedule I, Part A as an adjustment increasing federal AGI. The third adjustment is made to Schedule III. The amount of the Nebraska NOL is deducted from income derived from Nebraska sources.

All taxpayers must attach a copy of the Nebraska Form NOL for the loss year to the Nebraska return. An additional schedule or statement should be attached if necessary to explain the deduction. If more than one Nebraska NOL deduction is taken in the same year, attach a copy of the Form NOL for each loss year.

Change in Marital Filing Status. If marital status changes because of marriage, divorce, or death, or if married taxpayers change their filing status (joint return or separate return), the special rules used by the Internal Revenue Service must also be used to calculate a Nebraska NOL carryforward or carryback. See Federal Publication 536 for the applicable rules.

Change in Resident Status. When the taxpayer's residency differs between the year of the loss and the year the Nebraska NOL is deducted, special rules apply. A nonresident's or partial-year resident's Nebraska NOL is limited to the amount of the loss that is derived from or connected with Nebraska sources. If the nonresident or partial-year resident has both a federal and a Nebraska NOL and carries the Nebraska NOL back or forward to a year when the taxpayer was a full-year resident, only the Nebraska loss (line 36, Schedule I, Form NOL) can be deducted. Although the federal NOL will be reflected on the amended return as a net change to federal adjusted gross income (line 5 of the Form 1040XN for the carryback year), an adjustment increasing federal AGI (line 12, Form 1040XN for the carryback year) must be made for the amount of the federal NOL.

A Nebraska NOL incurred while a nonresident or partial-year resident and carried forward to a year in which a resident return is filed, will require an adjustment on Schedule I of Form 1040N. Only the Nebraska NOL will be entered on Part B of Schedule I as an adjustment decreasing federal AGI. The amount of any federal NOL will be entered on Part A of Schedule I, Form 1040N, as an adjustment increasing federal AGI.