

## General Instructions

A net operating loss (NOL) occurs when the amount of Idaho taxable income, after making modifications, is less than zero. Idaho calculates the Idaho NOL differently than the federal NOL, so you always must add back the NOL claimed on your federal income tax return. Idaho allows a deduction to individuals, C corporations, trusts, and estates. S corporations and partnerships aren't allowed an NOL deduction. Instead, any losses pass through to the shareholders and partners.

You can use an NOL by deducting it from your income in another year or years.

A net operating loss calculated by an affected business entity (ABE) may not be passed through to its member, but may be carried forward as an Idaho net operating loss to succeeding taxable years for which the ABE elects to be subject to tax as an ABE.

If the ABE does not make an ABE election in any succeeding taxable year, the unused Idaho net operating loss will flow through to the members.

Include Form 56 or your own schedule with the return for any year you compute an NOL. Also, include Form 56A showing the NOL carryforward/carryback calculation, if applicable.

## Specific Instructions

### Calculation of Idaho NOL

Complete lines 1 through 8 to compute and use your Idaho NOL.

**Corporations**—skip lines 3 through 5.

**Trusts, estates, and ABEs**—skip lines 4 and 5.

An absorption year is the year you use the NOL to offset your income. An NOL year is the year you incurred a loss.

**Line 1.** The calculation of the Idaho NOL starts with Idaho adjusted income. Enter the Idaho adjusted income (loss).

#### Individuals:

##### Full-year residents:

- For tax years 2001 through 2009, this is Form 40, line 13
- For tax years 2010 through 2017, and 2021 through 2024, this is Form 40, line 11

- For tax years 2018 through 2020, this is Form 40, line 12

#### Part-year and nonresidents:

- For tax years 2001 through 2008, this is Form 43, line 34, column b
- For tax year 2009, this is Form 43, line 33, column b
- For tax years 2010 through 2017, and 2021 through 2024, this is Form 43, line 31, column b
- For tax years 2018 through 2020, this is Form 43, line 32, column b

#### Trusts and Estates:

- Enter the Idaho taxable income (loss) before the exemption deduction.
  - For tax year 2001, this is Form 66, line 12
  - For tax years 2002 through 2019, this is Form 66, line 7
  - For tax years 2020 through 2024, this is Form 66, line 7 minus line 8

#### ABEs:

- For tax years 2021 through 2024, this is Form 41S, line 43 or Form 65, line 41.

#### Corporations:

- Enter the Idaho taxable income (loss) from Form 41.
  - For tax years 2001 through 2003, this is Form 41, line 35
  - For tax years 2004 through 2024, this is line 37.

**Line 2.** Add any Idaho NOL carryback/carryover deduction for losses from prior years. Enter the amount as a positive number.

#### Individuals:

##### Full-year residents:

- Form 39R, section B, line 1

##### Part-year and nonresidents:

- Form 39NR, section B, line 1

#### Trusts and Estates:

- For tax year 2001, this is line 7
- For tax years 2002 and 2003, this is Schedule B, line 6
- For tax years 2004 through 2006, this is Schedule B, line 7

- For tax years 2007 through 2010, this is Schedule B, line 6
- For tax years 2011 through 2020, this is Schedule B, line 7
- For tax years 2021 through 2024, this is Schedule A, line 11

**ABEs:**

- For tax years 2022 and 2024, this is Form 41S, line 40 or Form 65, line 38.

**Corporations:**

- For tax years 2001 through 2003, this is Form 41, line 34
- For tax years 2004 through 2024, this is Form 41, line 36

**Line 3.** Add the net capital loss deduction claimed on the federal return. For example, a taxpayer reported a \$4,000 capital gain and a \$5,000 capital loss on federal Schedule D. The capital loss deduction included in Idaho adjusted income (loss) is \$1,000. Enter the amount as a positive number.

**Individuals:**

- Federal Schedule D (Form 1040)

**Trusts, Estates, and ABEs:**

- Federal Schedule D (Forms 1041, 1041S, or 1065)

**Corporations:**

- Don't enter anything on this line

**Line 4.** Add any Idaho capital gains deduction claimed on your Idaho return. Enter the amount as a positive number.

**Individuals:****Full-year residents:**

- Form 39R, section B, line 10

**Part-year and nonresidents:**

- Form 39NR, section B, line 6

**Corporations, Trusts, Estates, and ABEs:**

- Don't enter anything on this line

**Line 5.** Add any Idaho qualified business income deduction claimed on your Idaho return. Enter the amount as a positive number.

**Individuals:****Full-year residents:**

- For tax years 2019 and 2020, this is Form 40, line 11
- For tax years 2021 through 2024, this is Form 40, line 18

**Part-year and nonresidents:**

- For tax years 2019 and 2020, this is Form 43, line 31
- For tax years 2021 through 2024, this is Form 43, line 40

**Trusts and Estates:**

- Form 66, line 8

**Corporations and ABEs:**

- Don't enter anything on this line

**Line 6.** Subtract any casualty losses on Idaho property included in itemized deductions on federal Schedule A. Enter the amount as a negative number. Losses resulting from Ponzi schemes are considered theft losses, not casualty losses. You must add back those amounts in determining the amount of an Idaho NOL.

**Individuals:**

- Federal Schedule A

**Corporations, Trusts, Estates, and ABEs:**

- Don't enter anything on this line

**Line 7. Idaho net operating loss.** Add lines 1 through 5, then subtract line 6 for loss years only. Enter the result here. For absorption years, skip line 7 and go to line 8.

**Line 8. Idaho absorption income.** Add lines 1 through 5, then subtract line 6 for absorption years only. Enter the result here.

See Idaho Form 56A to compute the Idaho NOL carryback/carryover.

**Contact us:**

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