

# Supplement to Form 511 Oklahoma Net Operating Loss Full-Year Residents Only

FORM **511-NOL**

Revised 2024

For loss years 2016 and subsequent, use this form. Form 511-NOL for 2015 and prior can be located using the Forms link at [tax.ok.gov](http://tax.ok.gov).

## NOL Instructions

**The loss year return must be filed to establish the Oklahoma Net Operating Loss.** If the loss is from a pass-through entity, the pass-through entity must also file a tax return.

An Oklahoma net operating loss (NOL) shall be separately determined by reference to Section 172 of the Internal Revenue Code (IRC) as modified by the Oklahoma Income Tax Act and shall be allowed without regard to the existence of a Federal NOL. For additional information, use the instructions for Federal Form 1045 "Application for Tentative Refund" or Federal Publication 536 "Net Operating Losses (NOLs) for Individuals, Estates, and Trusts."

The loss carryback and carryforward periods shall be determined solely by reference to Section 172 of the IRC. An election may be made to forego the NOL carryback period by any taxpayer entitled to a carryback period. A written statement of the election must be part of the timely-filed Oklahoma loss year return or to an amended return for the NOL year filed within six months of the due date of your original return (excluding extensions).

### Notes:

An NOL that is a result of a farming loss may be carried back in accordance with the provisions contained in the IRC. However, the amount of the NOL carryback shall not exceed the lesser of \$60,000 or the loss properly shown on the Federal Schedule F reduced by 1/2 of the net income from all other sources other than reflected on Schedule F.

## Computation of Itemized Deductions

When there is positive out-of-state income, the following steps, A or B, will be used to calculate the itemized deductions attributable to the Oklahoma NOL. When determining if there is positive out-of-state income, out-of-state income and out-of-state losses should be netted together. When there is no positive out-of-state income, all of the Oklahoma itemized deductions will be used to compute the Oklahoma NOL; go directly to Schedule A. If using standard deduction, go directly to Schedule A.

- A. When there is a positive Oklahoma Adjusted Gross Income (AGI) and positive out-of-state income, the amount of Oklahoma itemized deductions allowable is the Oklahoma pro rata share, as per the instructions on the Oklahoma return.
- B. When there is a negative Oklahoma AGI and positive out-of-state income, the allowable portion of the Oklahoma itemized deductions is computed as follows. The total allowable nonbusiness deductions cannot exceed the amount of nonbusiness income. For years 2018 and subsequent, Oklahoma itemized deductions are limited. Enter on lines 1 and 6 the portion of nonbusiness and business itemized deductions included in Form 511, Schedule 511-D, line 11.

	Example A	Example B	Taxpayer's Use
1. All nonbusiness itemized deductions.	10,000.00	5,000.00	
2. All nonbusiness income (including nonbusiness capital gains).	8,000.00	8,000.00	
3. Enter lesser of lines 1 and 2.	8,000.00	5,000.00	
4. Net out-of-state income.	3,000.00	3,000.00	
5. Subtract line 4 from line 3. (Do not enter an amount less than zero.)	5,000.00	2,000.00	
6. Business itemized deductions attributable to Oklahoma.	1,000.00	1,000.00	
7. Total itemized deductions attributable to Oklahoma. Add lines 5 and 6, enter here and on line 2a NOL Schedule A.	6,000.00	3,000.00	

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A copy of your Federal return is required for the loss year entered below.



<b>FORM 511-NOL Schedule A</b>	<b>Taxpayer's first name and initial</b>	<b>Last name</b>	<b>Taxpayer Social Security Number</b>

**Computation of Oklahoma Net Operating Loss for Tax Year \_\_\_\_\_**

	1. Oklahoma AGI from Form 511, line 7 .....	1	
<b>DEDUCTIONS</b>	a. Enter amount from the NOL Instructions: Computation of Itemized Deductions <u>or</u> enter the Oklahoma Standard Deduction if you did not itemize.....	2a	
	b. Enter Total Adjustments to Oklahoma AGI from Schedule 511-C .....	2b	
	c. Add lines 2a and 2b .....	2c	(      )
	3. Combine lines 1 and 2c. Enter the total here .....	3	

**Note:** If line 3 is zero or more, do not complete remainder of schedule. There is no net operating loss.

**ADJUSTMENTS: Lines 4 - 26 are entered as positive numbers.**

	4. Enter Oklahoma nonbusiness capital losses (before limitation). Also enter the nonbusiness Oklahoma Capital Gain Deduction from Schedule 511-A.....	4	
	5. Enter Oklahoma nonbusiness capital gains (without regard to any IRC Section 1202 exclusion) ..	5	
	6. If line 4 is larger than line 5, enter difference; otherwise enter "0" .....	6	
	7. If line 5 is larger than line 4, enter difference; otherwise enter "0" .....	7	
	8. Oklahoma nonbusiness deductions included in line 2a and 2b above, plus Oklahoma nonbusiness deductions from Schedule 511-A (exclude capital gains) and Federal nonbusiness adjustment from Federal return.....	8	
	9. Oklahoma nonbusiness income - other than capital gains. Combine Oklahoma nonbusiness income from Schedule 511-B and Federal nonbusiness income from Federal return .....	9	
	10. Add lines 7 and 9 .....	10	
	11. If line 8 is larger than line 10, enter difference; otherwise enter "0" .....	11	
	12. If line 10 is larger than line 8, enter difference ( <b>but do not enter more than line 7</b> ); otherwise enter "0".....	12	
	13. Enter Oklahoma business capital losses (before limitation). Also enter the business Oklahoma Capital Gain Deduction from Schedule 511-A .....	13	
	14. Enter Oklahoma business capital gains (without regard to any IRC Section 1202 exclusion) .....	14	
	15. Add lines 12 and 14 .....	15	
	16. If line 13 is larger than line 15 enter difference; otherwise enter "0" .....	16	
	17. Add lines 6 and 16 .....	17	
	18. Enter the entire amount of the Oklahoma net loss, if any, included in line 16 of Federal Schedule D .....	18	
	19. IRC Section 1202 exclusion attributable to Oklahoma .....	19	
	20. Subtract line 19 from line 18. If zero or less, enter "0" .....	20	
	21. Enter the entire amount of the Oklahoma net loss, if any, included in line 21 of Federal Schedule D - or - If there is no amount on the Federal Schedule D, line 21, but there is an amount on line 20 above, enter the amount from line 20 on this line.....	21	
	22. If line 20 is more than line 21, enter difference; otherwise enter "0" .....	22	
	23. If line 21 is more than line 20, enter difference; otherwise enter "0" .....	23	
	24. Subtract line 22 from line 17. If zero or less, enter "0" .....	24	
	25. Oklahoma Net Operating Loss from other years and the Federal domestic production activities deduction attributable to Oklahoma .....	25	
	26. Combine lines 3, 11, 19, 23, 24, and 25.....	26	

**Note:** If more than zero, enter "0". You do not have a Net Operating Loss.

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A copy of your Federal return is required for the intervening year entered below.

<b>FORM 511-NOL Schedule B</b>	Taxpayer's first name and initial _____ Last name _____	Taxpayer Social Security Number _____
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Intervening Year \_\_\_\_\_ NOL Year \_\_\_\_\_

The amount of the NOL absorbed in each intervening year will be the amount of the modified taxable income. The modified taxable income will be calculated using this worksheet. **A separate NOL Schedule B must be used for each year.**

<b>I.</b>	<b>Net Operating Loss Deduction.</b> Enter here as a <u>positive number</u> the net operating loss from NOL Schedule A, line 26. In succeeding year, enter amount from line III of previous year's NOL Schedule B .....				<b>I.</b>
<b>To compute modified taxable income:</b>					
<b>A.</b>	<b>To compute Oklahoma AGI For the Intervening Year</b>				
	1. Federal AGI .....	A1.			
	2. Oklahoma subtraction (from Schedule 511-A) Be sure to exclude the NOL for the NOL year entered above or later years .....	A2.			
	3. Subtract line A2 from line A1 .....	A3.			
	4. Out-of-state income .....	A4.			
	5. Subtract line A4 from line A3 .....	A5.			
	6. Oklahoma additions. (from Schedule 511-B) Be sure to include any Federal NOL Carryback/over included in line A1 above .....	A6.			
	7. AGI before the Oklahoma NOL deduction for the NOL year entered above. (Add lines A5 and A6.) .....			A7.	
<b>B.</b>	<b>Modifications:</b> (for intervening year)				
	1. Oklahoma capital losses in excess of Oklahoma capital gains (included in the net capital loss limitation from Federal Schedule D) ..... <b>(Note: Enter as a positive number)</b> .....			B1.	
	2. Section 1202 Exclusion and domestic production activities deduction (enter as positive number) .....			B2.	
	3. Adjustments to AGI from the Federal NOL carryover worksheet .....			B3.	
<b>C.</b>	<b>Modified Oklahoma AGI.</b> (line A7 plus lines B1, B2 and B3) .....			C.	
<b>D.</b>	<b>Less Allowable Modified Itemized Deductions.</b>				
	1. Itemized deductions reported on the original return less the adjustments to itemized deductions from the Federal NOL carryover worksheet. * <b>OR</b> Oklahoma standard deduction .....	D1.			
	2. Percent allowed. (line C divided by line A3) (Limited to 100%) .....	D2.		%	
	3. Allowable deductions. (line D1 multiplied by line D2) .....			D3. (            )	
<b>E.</b>	<b>Adjustments to Oklahoma AGI.</b> <b>Example:</b> Military Pay Exclusion, Disability Deduction, etc. (from Schedule 511-C) .....			E. (            )	
<b>II.</b>	<b>Modified taxable income.</b> (combine lines C, D3 and E) If zero or less, enter "0" .....				<b>II.</b>
<b>III.</b>	<b>Oklahoma Net Operating Loss carryover.</b> (line I minus line II) If zero or less, enter "0" .....				<b>III.</b>

\* Beginning tax year 2018, Oklahoma itemized deductions are limited to, and may not exceed, \$17,000. Charitable contributions and medical expenses are not subject to the \$17,000 limit. If your Oklahoma itemized deductions are limited, use Form 511, Schedule 511-D to determine your allowable modified itemized deductions.