

2019 Instructions for Form FTB 3805V

Net Operating Loss (NOL) Computation and NOL and Disaster Loss Limitations — Individuals, Estates, and Trusts

References in these instructions are to the Internal Revenue Code (IRC) as of **January 1, 2015**, and the California Revenue and Taxation Code (R&TC).

What's New

Net Operating Loss (NOL) Carrybacks – For taxable years beginning on or after January 1, 2019, net operating loss carrybacks are **not** allowed.

General Information

In general, for taxable years beginning on or after January 1, 2015, California law conforms to the Internal Revenue Code (IRC) as of January 1, 2015. However, there are continuing differences between California and federal law. When California conforms to federal tax law changes, we do not always adopt all of the changes made at the federal level. For more information, go to ftb.ca.gov and search for **conformity**. Additional information can be found in FTB Pub. 1001, Supplemental Guidelines to California Adjustments, the instructions for California Schedule CA (540), California Adjustments - Residents, or Schedule CA (540NR), California Adjustments - Nonresidents or Part-Year Residents, and the Business Entity tax booklets.

The instructions provided with California tax forms are a summary of California tax law and are only intended to aid taxpayers in preparing their state income tax returns. We include information that is most useful to the greatest number of taxpayers in the limited space available. It is not possible to include all requirements of the California Revenue and Taxation Code (R&TC) in the instructions. Taxpayers should not consider the instructions as authoritative law.

General (GEN), New Business (NB), and Eligible Small Business (ESB)

NOLs incurred in taxable years beginning on or after January 1, 2013, and before January 1, 2019, were carried back to each of the preceding two taxable years. The allowable NOL carryback percentage varies.

For more information, see R&TC Section 17276 and get FTB Legal Ruling 2011-04 (see Situation 3).

NOL attributable to a qualified disaster loss (DIS)

For taxable years beginning on or after January 1, 2013, and before January 1, 2019 if the disaster loss deduction created an NOL (whether in the year of the loss or the prior year), the applicable NOL carryback rules for the taxable year the NOL was created would apply.

For taxable years beginning in 2010 and 2011, California suspended the NOL carryover deduction. Taxpayers continued to compute and carryover NOLs during the suspension period. **However**, taxpayers with a modified adjusted gross income of less than \$300,000 or with disaster loss carryovers were not

affected by the NOL suspension rules.

For taxable years beginning in 2008 and 2009, California suspended the NOL carryover deduction. Taxpayers continued to compute and carryover their NOL during the suspension period. **However**, taxpayers with a net business income of less than \$500,000 or with disaster loss carryovers were not affected by the NOL suspension rules.

The carryover period for any NOL or NOL carryover, for which a deduction is disallowed because of the 2008-2011 suspension, are extended by:

- One year for losses incurred in taxable years beginning on or after January 1, 2010, and before January 1, 2011.
- Two years for losses incurred in taxable years beginning before January 1, 2010.
- Three years for losses incurred in taxable years beginning before January 1, 2009.
- Four years for losses incurred in taxable years beginning before January 1, 2008.

For more information, get FTB Legal Ruling 2011-04.

For NOLs incurred in taxable years beginning on or after January 1, 2008, California has extended the NOL carryover period from 10 taxable years to 20 taxable years following the year of the loss.

For taxable years that began in 2002 and 2003, California suspended the NOL carryover deduction. Taxpayers continued to compute and carryover an NOL during the suspension period. **However**, the deduction for disaster losses was not affected by the NOL suspension rules.

The carryover period for an NOL incurred in taxable years:

- Beginning before January 1, 2002, have been extended for two years.
- Beginning on or after January 1, 2002, and before January 1, 2003, have been extended for one year.

For more information, get FTB Legal Ruling 2011-4.

For taxable years beginning on or after January 1, 2004, the NOL carryover percentage is 100%. The NOL carryover percentage varies for NOLs incurred prior to January 1, 2004. See the chart on page 5 for more information.

Governor Declared Disasters – For taxable years beginning on or after January 1, 2014, and before January 1, 2024, taxpayers may deduct a disaster loss for any loss sustained in any city, county, or city and county in California that is proclaimed by the Governor to be in a state of emergency. For these Governor-only declared disasters, subsequent state legislation is not required to activate the disaster loss provisions. Any law that suspends, defers,

reduces, or otherwise diminishes the deduction of an NOL shall not apply to an NOL attributable to these specified disaster losses. The President's declaration continues to activate the disaster loss provisions. For a list of disasters declared by the President and/or the Governor, see the Declared Disasters list in Specific Line Instructions. For the most current listing of disasters that may have occurred after the finalization date of this publication, go to ftb.ca.gov and search for **disaster loss for individuals**. Get FTB Pub 1034, Disaster Loss How to Claim a State Tax Deduction, for more information.

Nonbusiness losses:

You may deduct nonbusiness capital losses up to the amount of nonbusiness capital gains. You may not deduct any excess nonbusiness capital losses over nonbusiness capital gains.

Nonbusiness capital losses and gains are losses and gains from other than a trade or business. These include sales of stock, metals, and other appreciable assets as well as any recognized gain from the sale of your principal residence.

Business losses:

You may deduct business capital losses only up to the total of business capital gains and any nonbusiness capital gains that remain after deducting nonbusiness capital losses and other nonbusiness deductions.

A Purpose

Individuals, estates, or trusts use form FTB 3805V to figure the current year NOL and to limit the NOL carryover and disaster loss deductions.

Corporations use form FTB 3805Q, Net Operating Loss (NOL) Computation and NOL and Disaster Loss Limitations — Corporations.

B NOLs

NOLs and Disaster Losses – If your deductions for the year exceed your income, you may have an NOL carryover. The California NOL is generally figured the same way as the federal NOL. However under California law:

- Carryover periods and percentages vary with the type of California NOL. The table on page 5 shows the types of NOLs available, a description, the taxable year the NOLs were incurred, the percentages and carryover periods for each type of loss.
- An NOL may be carried over to future years. No carrybacks are allowed for NOLs incurred in taxable years beginning on or after January 1, 2019.
- Prior to the 2014 taxable year, if you elected an NOL from an activity within the following areas or zones to offset income earned solely within those areas or zones:

- 1) Enterprise Zone (EZ). Get FTB 3805Z,

Enterprise Zone Business Booklet, for more information.

- 2) Local Agency Military Base Recovery Area (LAMBRA). Get FTB 3807, Local Agency Military Base Recovery Area Business Booklet, for more information.

C Nonresidents and Part-Year Residents

Do not complete Part I, Section A.

Full-Year Nonresidents: Complete Part I, Section B, column (a) and column (b).

Part-Year Residents: Complete Part I, Section B, column (a) through column (e).

NOL Carryover Computation. For taxable years beginning on or after January 1, 2002, the NOL carryover computation for the California taxable income of a nonresident or part-year resident is no longer limited by the amount of net operating loss from all sources. Only your California sourced income and losses are considered in determining if you have a California NOL.

Change of Residency to California.

For taxable years beginning on or after January 1, 2002, if you have NOL carryovers and were a nonresident of California in prior years, the NOL carryovers must be restated as if you had been a California resident for all prior years.

Change of Residency from California.

For taxable years beginning on or after January 1, 2002, if you have NOL carryovers and you become a nonresident of California, your NOL carryovers must be restated as if you had been a nonresident of California for all prior years.

If your residency status changes from the time you generate the NOL carryover to the time you apply the NOL deduction, you will need to recompute the NOL carryover amount. For more information, get FTB Pub. 1100, Taxation of Nonresidents and Individuals Who Change Residency.

Specific Line Instructions

Form FTB 3805V is divided into four parts:

Part I: Computation of Current Year NOL.

Part II: Determine Modified Taxable Income (MTI). MTI is the amount of your taxable income that can be offset by your prior years' NOL carryover.

Part III: NOL Carryover and Disaster Loss Carryover Limitations.

Part I – Current Year NOL

Use Part I to figure your current year NOL, if any, to carry over to future years.

If you have losses from more than one source and/or more than one type, it may be necessary to compute the allowable NOL carryover for each loss separately.

If you **do not** have a current year NOL, skip

Part I and go to Part II.

Section A – California Residents

Line 3 – Estates or trusts, enter the amount from your 2019 Form 541, line 20a or Form 109, line 9.

Line 8 – Enter deductions that are not related to a trade or business and are not related to your employment (such as taxes, medical expenses, alimony, charitable contributions, and your contributions to individual retirement plans). If you do not itemize your deductions, your nonbusiness deductions include the standard deduction. A casualty loss is considered a “business expense” regardless of whether it is connected with a trade or business; do not include it as a nonbusiness deduction.

Line 9 – Enter income that is not related to a trade or business (such as dividends, pensions, annuities, income from an endowment, or interest earned on investments).

Line 11 and Line 12 – You may subtract nonbusiness deductions only from nonbusiness income, including any nonbusiness capital gains that remain after deducting nonbusiness capital losses. If your nonbusiness deductions are larger than your nonbusiness income, you may not deduct the excess.

Line 16 – You may deduct business capital losses only up to the total of business capital gains and any nonbusiness capital gains that remain after deducting nonbusiness capital losses and other nonbusiness deductions.

Line 23 – Enter the amount of your prior year NOL and disaster loss carryover from your 2018 form FTB 3805V, Part III, line 5 and line 6.

Line 25 – Go to Part III, Current Year NOLs, line 4, to record your 2019 NOL carryover to 2020. Complete line 4, column (d) and column (h), for each type of loss that you incurred.

Section B – Nonresidents and Part-Year Residents

Full-Year Nonresidents: Complete Part I, Section B, column (a) and column (b).

Part-Year Residents: Complete Part I, Section B, column (a) through column (e).

Enter the number of days during the year you were a California resident: _____

Enter the number of days during the year you were a nonresident: _____

Complete column (a), line 1 through line 25 as if you were a California resident for the entire year.

Line 1 – Enter the amount from 2019 Form 540NR, line 17.

Line 2 – Enter the amount from 2019

Form 540NR, line 18.

Line 3a – If negative, use brackets. If positive, enter -0- here and on line 25. Complete Part II and Part III if you have a carryover from prior years.

Line 18 – If you do not have a loss on Schedule D (540NR), line 4 worksheet for nonresidents and part-year residents, skip line 18 through 21 and enter on line 22 the amount from line 17.

Complete column (b), line 1 through line 25 if you were a nonresident for the entire year.

Line 1 – Enter the amount from 2019 Form 540NR, line 32.

Line 2 – Enter the amount from 2019 Schedule CA (540NR), Part IV, line 4.

Complete columns (c) and (d), line 1 through line 25 using the dates of transactions. If the dates are unknown because they were not specifically reported to you, then you will need to prorate the amounts. For column (c) multiply the amount in column (a) by the number of days you were a resident divided by 365 days. For column (d), multiply the amount in column (b) by the number of days you were a nonresident divided by 365 days.

Column (e), line 25, Enter the current year NOL on line 25.

Go to Part III, Current Year NOLs, line 4, to record your 2019 NOL carryover to 2020. Complete line 4, column (d) and column (h), for each type of loss that you incurred.

Part II – Modified Taxable Income (MTI)

Use this part if:

- You are carrying over an NOL from years prior to 2019.
- You are carrying over a disaster loss from years prior to 2019.
- You have an unused 2019 disaster loss to carry over.

The purpose of this part is to figure your MTI. You must make certain modifications to your taxable income to determine how much you can carry over to next year. Your carryover to next year is the excess of your NOL deduction over your MTI.

Use this part to determine what your 2019 income (loss) was before taking any NOL carryover disaster loss, or disaster loss carryover deductions. This adjusted amount is called your MTI.

Line 1 – Form 540 filers: Subtract 2019 Form 540, line 18 from Form 540, line 17. If negative, use brackets.

Form 541 filers: Subtract 2019 Form 541, line 18 from Form 541, line 17. If negative, use brackets.

Form 540NR filers: Subtract 2019 Schedule CA (540NR), Part IV, line 4 from Schedule CA (540NR), Part IV, line 1. If negative, use

brackets.

Line 2 – Form 540 filers: Enter as a positive number the net capital loss deduction from your 2019 Schedule D (540), line 9 or Schedule D (541), line 10.

Form 540NR filers: Enter your net capital loss from your 2019 Schedule CA (540NR), Part II, Section A, line 6, column E, determined in accordance with Schedule D (540NR).

Line 3 – Form 540 filers: Enter as a positive number the disaster loss carryover deduction from your 2019 Schedule CA (540), Part I, Section B, line 8b, column B or Form 541, line 15a.

Form 540NR filers: Enter the disaster loss carryover deduction amount from your 2019 Schedule CA (540NR), Part II, Section B, line 8, column E.

Line 4 – Form 540 filers: Enter as a positive number the NOL carryover deduction from your 2019 Schedule CA (540), Part I, Section B, line 8d, column B or Form 541, line 15a.

Form 540NR filers: Enter the NOL carryover deduction amount from your 2019 Schedule CA (540NR), Part II, Section B, line 8, column E.

Line 5 – Enter as a positive number the adjustments to itemized deductions, used to figure your federal NOL carryover. For more information, see federal Publication 536, Worksheets 2 and 3, Worksheets for NOL Carryover.

Part III – Limitations

Keep a copy of form FTB 3805V with your records until you use all losses or they expire. Use this section to:

- Figure the NOL and disaster loss deduction actually taken in 2019 and the total disaster losses and NOL to be carried over to future years.
- Keep track of the expiration and limitations of any unused carryovers.

Nonresidents or Part-Year Residents: If you were a nonresident or part-year resident during the year, get FTB Pub. 1100 for more information.

When to use an NOL carryover – Use your NOLs and disaster losses in the order the losses were incurred. There is no requirement to deduct NOL carryovers, before disaster loss carryovers.

Line 1 – Enter the MTI from Part II, line 6. This is the maximum NOL carryover deduction you are allowed for 2019. NOL carryover amounts in excess of MTI may be eligible for carryover to 2020. See General Information B, NOLs.

Line 2

Column (a) – Enter the years, earliest first, the loss was incurred.

Column (b) – If the loss is from a new business or eligible small business, enter the SIC Code for the new business or eligible

small business from the Standard Industrial Classification Manual.

If this is a farming enterprise, enter the agricultural activity code from federal Schedule F (Form 1040 or 1040-SR), Profit or Loss From Farming.

If the loss is from a pass-through entity, such as a partnership, S corporation, or limited liability company (LLC), enter the partnership's FEIN, the California corporation number, or the LLC's California Secretary of State file number from Schedules K-1 (100S, 565, or 568).

If the loss is due to a disaster, enter the disaster code from the Declared Disasters list.

Declared Disasters

Year	Code	Event
2019	114	Extreme Wind and Fire Weather Conditions (All CA Counties) 10/19*
2019	113	Kincadee & Tick Fires (Los Angeles and Sonoma Counties) 10/19*
2019	112	Eagle, Reche, Saddleridge, Sandalwood, and Wolf Fires (Los Angeles and Riverside Counties) 10/19*
2019	111	Earthquake (Kern and San Bernardino Counties) 07/19*
2019	110	Atmospheric River Storm System (Amador, Glenn, Lake, Mendocino and Sonoma Counties) 02/19*
2019	109	Atmospheric River Storm System (Calaveras, El Dorado, Humboldt, Los Angeles, Marin, Mendocino, Modoc, Mono, Monterey, Orange, Riverside, San Bernardino, San Diego, San Mateo, Santa Barbara, Santa Clara, Shasta, Tehama, Trinity, Ventura, and Yolo Counties) 01/19* & 02/19*
2018	108	Hill & Woolsey Fires (Los Angeles and Ventura Counties) 11/18*
2018	107	Camp Fire (Butte County) 11/18*
2018	106	Holy Fire (Orange and Riverside Counties) 08/18*
2018	105	River, Ranch & Steele Fires (Lake, Mendocino, and Napa Counties) 07/18*
2018	104	Ferguson Fire (Mariposa County) 07/18*
2018	103	Carr Fire (Shasta County) 07/18*
2018	102	Cranston Fire (Riverside County) 07/18*
2018	101	Monsoonal Rainstorm (San Bernardino County) 07/18*
2018	100	Holiday Fire (Santa Barbara County) 07/18*
2018	99	West Fire (San Diego County) 07/18*
2018	98	Klamathlon Fire (Siskiyou County) 07/18*
2018	97	Pawnee Fire (Lake County) 06/18*
2018	96	March Winter Storms (Amador, Fresno, Kern, Mariposa, Merced, Stanislaus, Tulare, and Tuolumne Counties) 03/18*
2018	95	Southern California Mud Slides (Ventura and Santa Barbara Counties) 01/18*
2017	94	Lilac Fire (San Diego County) 12/17*
2017	93	Creek & Rye Fires (Los Angeles County) 12/17*
2017	92	Thomas Fire (Ventura and Santa Barbara Counties) 12/17*
2017	91	Severe Winter Storms and Snowmelt (Inyo and Mono Counties) 10/17*
2017	90	Solano County Atlas Fire (Solano County) 10/17*
2017	89	Cherokee, LaPorte, Sulphur, Potter, Cascade, Lobo & Canyon Fires (Butte, Lake, Mendocino, Nevada, and Orange Counties) 10/17*
2017	88	Tubbs, Atlas & Multiple Other Fires (Napa, Sonoma, and Yuba Counties) 10/17*
2017	87	Railroad, Pier, Mission & Peak Fires (Madera, Mariposa, Tulare Counties) 08/17 & 09/17*
2017	86	La Tuna Fire (Los Angeles County) 09/17*
2017	85	Ponderosa Fire (Butte County) 08/17*
2017	84	Helena Fire (Trinity County) 08/17*
2016	83	Siskiyou County Rainstorm (Siskiyou County) 12/16* (declared 08/17)

2017	82	San Bernardino County Rainstorm (San Bernardino County) 07/17*
2017	81	Modoc County Fires (Modoc County) 07/17*
2017	80	Detwiler Fire (Mariposa County) 07/17*
2017	79	Alamo & Whittier Fires (Santa Barbara County) 07/17*
2017	78	Wall Fire (Butte County) 07/17*
2017	77.1	February Winter Storms (Alameda, Amador, Alpine, Butte, Calaveras, Colusa, Del Norte, El Dorado, Fresno, Glenn, Humboldt, Kern, Kings, Lake, Lassen, Los Angeles, Marin, Mariposa, Mendocino, Merced, Modoc, Mono, Monterey, Napa, Nevada, Placer, Plumas, Riverside, Sacramento, San Benito, San Bernardino, San Diego, San Francisco, San Joaquin, San Luis Obispo, San Mateo, Santa Barbara, Santa Clara, Santa Cruz, Shasta, Sierra, Siskiyou, Sonoma, Stanislaus, Sutter, Tehama, Trinity, Tuolumne, Ventura, Yolo, and Yuba counties) 02/17*
2017	77	January Winter Storms (Alameda, Alpine, Butte, Calaveras, Contra Costa, El Dorado, Fresno, Humboldt, Inyo, Kern, Kings, Lake, Lassen, Los Angeles, Madera, Marin, Mendocino, Merced, Modoc, Mono, Monterey, Napa, Nevada, Orange, Placer, Plumas, Riverside, Sacramento, San Benito, San Bernardino, San Diego, San Francisco, San Luis Obispo, San Mateo, Santa Barbara, Santa Clara, Santa Cruz, Shasta, Sierra, Siskiyou, Solano, Sonoma, Stanislaus, Sutter, Tehama, Trinity, Tulare, Tuolumne, Ventura, Yolo, and Yuba counties) 01/17*
2016	76	December Winter Storms (Del Norte, Humboldt, Mendocino, Shasta, Santa Cruz, and Trinity counties) 12/16*
2016	75	Blue Cut Fire (San Bernardino County) 08/16*
2016	74	Clayton Fire (Lake County) 08/16*
2016	73	Chimney Fire (San Luis Obispo County) 08/16*
2016	72	Soberanes Fire (Monterey County) 07/16*
2016	71	Sand Fire (Los Angeles County) 07/16*
2016	70	Erskine Fire (Kern County) 06/16*
2015	69	City of Carlsbad Rainstorms (San Diego County) 12/15*
2015	68	Inyo, Kern, and Los Angeles Counties Rainstorms 10/15*
2015	67	Valley Fire (Lake and Napa Counties) 09/15*
2015	66	Butte Fire (Amador and Calaveras Counties) 09/15*
2015	65	Imperial, Kern, Los Angeles, Riverside, San Bernardino, and San Diego Counties Severe Storms 07/15*
2015	64	Lake and Trinity Counties Wildfires 07/15*
2015	63	Butte, El Dorado, Humboldt, Lake, Madera, Napa, Nevada, Sacramento, San Bernardino, San Diego, Shasta, Solano, Tulare, Tuolumne, and Yolo Counties Wildfires 06/15*
2015	62	Santa Barbara County Oil Spill 05/15*
2015	61	Humboldt, Mendocino, and Siskiyou Counties Severe Rainstorms 02/15*
2015	60	Mono County Wildfire 02/15*
2014	59	Severe Winter Storms (Alameda, Contra Costa, Del Norte, Humboldt, Lake, Los Angeles, Marin, Mendocino, Monterey, Orange, San Francisco, San Mateo, Santa Clara, Shasta, Sonoma, Tehama, Ventura, and Yolo Counties) 11/14*
2014	58	King and Boles Wildfires (El Dorado and Siskiyou Counties) 09/14*
2014	57	Napa, Solano, and Sonoma Counties Earthquake 08/14 to 09/14*
2014	56	Siskiyou County Wildfires 08/14*
2014	55	Northern California Wildfires (Amador, Butte, El Dorado, Humboldt, Lassen, Madera, Mariposa, Mendocino, Modoc, Shasta, and Siskiyou Counties) 07/14*
2014	54	San Diego County Wildfires 05/14***
2014	53	Los Angeles County Severe Rainstorms 02/14*
2013	52	Tuolumne, Mariposa, and San Francisco Counties Rim Fire 08/13 to 10/13**
2011	51	Los Angeles and San Bernardino County Severe Winds 11/11***
2011	50	Santa Cruz County Severe Storms 03/11****

2011	49	Mendocino County Tsunami Wave Surge 03/11
2011	48	Del Norte and Santa Cruz County Tsunami Wave Surge 03/11 **
2011	47	Severe Winter Storms, Flooding, Debris and 2010 Mud Flows 12/10, 01/11**
2010	46	San Bruno Explosion
2010	45	Kern County Wildfires
2010	44	CA Winter Storms, 01/10, 02/10
2009	43	Los Angeles, Monterey, Placer County Wildfires
2010	42	Baja California (Imperial County) Earthquake
2010	41	Humboldt County Earthquake
2009	40	Santa Barbara Wildfires
2008	39	Southern California Wildfires 10/08, 11/08
2008	38	Humboldt County Wildfire
2008	37	California Wildfires 2008
2007	36	Riverside County Winds
2008	35	Inyo Complex fire 2007
2007	34	Southern California Wildfires
2007	33	Santa Barbara and Ventura County Fires
2007	32	El Dorado County Wildfires
2007	31	California Severe Freeze: 01/07
2006	30	Riverside and Ventura County Wildfires
2006	29	San Bernardino County Wildfires
2006	28	Northern California flooding, mudslides, and landslides 03/06 to 04/06
2006	27	Northern California flooding, mudslides, and 2005 landslides 12/05 to 01/06
2004	26	Shasta County WildFires (expired)****
2005	25	Southern California flooding, debris flows, and mudslides (expired 2004)****
2004	24	San Joaquin Levee Break (expired)****

* For taxable years beginning on or after January 1, 2014, and before January 1, 2024, taxpayers may deduct a disaster loss for Governor declared disasters. For these Governor declared disasters, subsequent state legislation is not required to activate the disaster loss provisions. Any law that suspends, defers, reduces, or otherwise diminishes the deduction of a NOL shall not apply to a NOL attributable to these specified disaster losses. For more information, see R&TC Section 17207.14 or the NOL Carryover table.

** Carryover period and percentage are limited to the NOL rules. No special state legislation was enacted.

*** The Santa Cruz County Severe Storms (occurred in March 2011); the Los Angeles and San Bernardino County Severe Winds (occurred in November 2011); and the San Diego County Wildfires (occurred in May 2014); disaster loss deductions are allowed at 100% in the year the loss was incurred or taxpayers can elect to deduct the disaster loss in the prior year return under IRC Section 165(i). Any provision of law that suspends, defers, reduces, or otherwise diminishes the deduction of an NOL does not apply to an NOL attributable to these four counties. See R&TC Sections 17207.11, 17207.12, and 17207.13 for more information.

If the Santa Cruz County Severe Storms, the Los Angeles and San Bernardino County Severe Winds disaster loss deduction creates an NOL (whether in the year of the loss or the prior year), the applicable NOL carryforward

rule for the taxable year the NOL was created would apply. The NOL can be carried over for 20 years.

If the San Diego County Wildfires disaster loss deduction creates an NOL (whether in the year of the loss or the prior year), the applicable NOL carryback and carryforward rules for the taxable year the NOL was created would apply. The taxpayer must carryback the NOL attributable to the disaster loss for two years or elect to carryforward the NOL for 20 years.

**** Individuals, estates, and trusts that elected to deduct the disaster loss in the prior year under IRC Section 165(i), the final year to deduct the disaster loss carryover was last year. Individuals, estates, and trusts that did not elect IRC Section 165(i), the final year to deduct the disaster loss carryover is this year.

Column (c) – Enter the type of NOL from the NOL Carryover table on page 5. If using an economic development area (EDA) NOL, get the applicable form for the NOL type.

Column (d) – Enter the Current Year NOL amount related to the Year of loss you entered in column (a) on the same line. If you are a resident, this is the amount from your FTB 3805V, Part I, Section A, line 25. If you are a nonresident or part-year resident, this is the amount from Part I, Section B, line 25.

Column (e) – Enter the amount from your 2018 form FTB 3805V, Part III, column (h). You should have already applied the applicable percentage to any remaining disaster loss carryover. See General Information B, NOLs for more information.

Column (f) – Enter the smaller of the amount in column (e) or the balance in column (g). If column (g) of the previous line has been reduced to zero, your remaining NOL carryover may be eligible for carryover to 2020. See General Information B, NOLs.

Column (g) – Subtract column (f) from the balance in column (g) of the previous line and enter the result.

Column (h) – Subtract the amount in column (f) from the amount in column (e) and enter the result. After the initial five year disaster loss carryover, apply the applicable percentage to any remaining disaster loss carryover. See General Information B, NOLs for more information.

Current Year NOLs

If a disaster loss occurs between the date of the publication and the end of the taxable year, go to ftb.ca.gov and search for **disaster loss for individuals**, for the updated disaster chart. Then follow the line 3 instructions.

Line 3 – Current Year Disaster Loss

If you deduct the current year disaster loss on the current year tax return (**did not elect IRC Section 165(i)**), use line 3 to claim your 2019 disaster loss in the current taxable year.

Column (b) – Enter the disaster loss code.

Column (d) – Enter your 2019 disaster loss from Part I, line 3b.

Column (f) – Enter the smaller of the amount in column (d) or the balance in column (g) of the previous line.

Column (h) – Subtract the amount in column (f) from the amount in column (d) and enter the result in column (h). Any remaining disaster loss amount would create an NOL for that taxable year. If the disaster loss deduction creates an NOL in the year of the loss, the applicable NOL carryforward rule for the taxable year the NOL was created would apply. The taxpayer carryforward the 2019 NOL attributable to the disaster loss for 20 years.

However, if you elected under **IRC Section 165 (i)** to claim your 2019 disaster loss on your 2018 return and had a remaining disaster loss amount after the disaster loss deduction, the remaining disaster loss amount would create an NOL to which the applicable NOL carryforward rule for the taxable year the NOL was created would apply. You can carryforward the NOL attributable to the disaster loss for 20 years. Enter the remaining disaster loss on your 2019 form FTB 3805V in Part III, line 2, column (e).

Line 4 – If you have a current year NOL from more than one source/type, list each loss separately.

If you operate one or more new businesses and one or more eligible small businesses, the following rules apply. Determine the amount of the loss attributable to the new business(es) and to the eligible small business(es). Then take the NOL in the following order:

- The new business NOL.
- The eligible small business NOL.
- Any remaining NOL (treat as an NOL under the general rules).

Column (b) and Column (c) – See the instructions for line 2. Do not enter Current Year Disaster NOLs on line 4.

Line 5 – NOL carryover – Total the carryover amounts from column (h) that are NOT the result of a disaster loss.

NOL Carryover

<p>Type of NOL and Description</p> <p>*Note: The carryover period for any NOL or NOL carryover, for which a deduction is disallowed because of the 2008-2011 suspension, is extended. For more information, see General Information.</p>	<p>Taxable Year NOL Incurred</p>	<p>NOL Carried Over</p>	<p>Carryover* Period</p>
<p>General</p> <p>Available as a result of a loss incurred in years after 1986 and allowed under R&TC Section 17276. Does not include losses incurred from activities that qualify as a new business, an eligible small business, an EZ, LARZ, LAMBRA, TTA, or disaster loss.</p>	<p>On or after 01/01/2008</p> <p>2005-2007</p> <p>2004</p> <p>2002-2003</p> <p>2000-2001</p> <p>1987-1999</p>	<p>100%</p> <p>100%</p> <p>100%</p> <p>60%</p> <p>55%</p> <p>None</p>	<p>20 Years</p> <p>10 Years</p> <p>Expired</p> <p>Expired</p> <p>Expired</p> <p>Expired</p>
<p>Disaster Losses</p> <p>Casualty losses sustained as the result of a disaster, not reimbursed by insurance or otherwise, and declared by the President of the United States or the Governor of California to warrant assistance. For taxable years beginning on or after January 1, 2014, and before January 1, 2024, if the disaster is declared by the Governor only, no subsequent state legislation is required for the disaster loss provisions to be activated. For taxable years before 2014, if the disaster was declared by the Governor only, subsequent state legislation was required for the disaster provision to be activated.</p> <p>If the loss qualifies under IRC Section 165(i), the taxpayer may elect to deduct the loss from the previous year's income. If the taxpayer made this election, see Part III, Current Year NOLs, line 3 and federal Form 4684, Casualties and Thefts, instructions for when the election must be filed.</p> <p>If special legislation is enacted under the R&TC, 100% of the excess loss may be carried over for up to five years. If any excess loss remains after the five year period, 50% of that remaining loss may be carried over for up to ten additional taxable years for losses incurred in any taxable year beginning before January 1, 2000; 55% for losses incurred in any taxable year beginning on or after January 1, 2000, and before January 1, 2002; 60% for losses incurred in any taxable year beginning on or after January 1, 2002, and before January 1, 2004; or 100% for losses incurred in any taxable year beginning on or after January 1, 2004.</p> <p>The following rules would apply if state legislation is enacted; or the President declared an area a major disaster; or the Governor declared an area a major disaster for taxable years beginning on or after January 1, 2014:</p> <p>A taxpayer can claim 100% of the disaster loss deduction in the year the loss was incurred, or make an election under IRC Section 165(i) to claim the disaster loss deduction against the previous year's income. For taxable years beginning on or after January 1, 2011, if the disaster loss deduction creates an NOL (whether in the year of the loss or the prior year), the applicable NOL carryforward rule for the taxable year the NOL was created would apply. The NOL can be carried over for 20 years. See Specific Line Instructions for more information.</p>	<p>See "Declared Disasters" list on pages 3 and 4</p> <p>Prior to 01/01/2011</p> <p>On or after 01/01/2011</p>	<p>100%</p> <p>See Description</p>	<p>First 5 Years</p> <p>10 Years Thereafter</p> <p>See Description</p>
<p>New Business Get FTB Legal Ruling 96-5 issued August 19, 1996, for more information.</p> <p>New Business means any trade or business that first commenced in California on or after January 1, 1994. 100% of an NOL may be carried over, but only to the extent of the net loss from the new business. If a taxpayer's NOL exceeds the net loss from the new business, the excess may be carried over as a general NOL.</p> <p>If a taxpayer acquires assets of an existing trade or business which is doing business in California, the trade or business thereafter conducted by the taxpayer or related persons (IRC Sections 267 or 318) is not a new business if the fair market value (FMV) of the acquired assets exceeds 20% of the FMV of the total assets of the trade or business.</p> <p>If a taxpayer or related person has been engaged in a trade or business in California within the preceding 36 months and thereafter commences an additional trade or business in California, the additional trade or business qualifies as a new business only if the activity is classified under a different division of the Standard Industrial Classification (SIC) Manual, 1987 Edition. Business activities conducted by the taxpayer or related persons wholly outside California are disregarded in determining whether the trade or business conducted within California is a new business.</p> <p>The term "new business" includes any taxpayer engaged in biopharmaceutical activities or other biotechnology activities described in Codes 2833 to 2836 of the SIC Manual, 1987 Edition. It also includes any taxpayer that has not received regulatory approval for any product from the United States Food and Drug Administration. See R&TC Section 17276(f)(7)(A) for more information.</p>	<p>On or after 01/01/2008</p> <p>On or after 01/01/2000¹ and before 01/01/2008</p> <p>On or after 01/01/1994 and before 01/01/2000</p> <p>Year of Business</p> <p>Year 1</p> <p>Year 2</p> <p>Year 3</p>	<p>100%</p> <p>100% For the first three years of business</p> <p>None</p> <p>None</p> <p>None</p>	<p>20 Years</p> <p>10 Years</p> <p>Expired</p> <p>Expired</p> <p>Expired</p>
<p>Eligible Small Business Get FTB Legal Ruling 96-5 issued August 19, 1996, for more information.</p> <p>An ESB NOL is an NOL incurred in operating a trade or business activity that has gross receipts, less returns and allowances, of less than \$1 million during the taxable year.</p> <p>100% of an ESB NOL may be carried over, but only to the extent of the net loss from the eligible small business. If a taxpayer's NOL exceeds the net loss from an eligible small business, the excess may be carried over as a general NOL.</p> <p>Taxpayers should use the same SIC Code tests described in the "New Business NOL," above, to group trade or business activities for the eligible small business NOL.</p>	<p>On or after 01/01/2008</p> <p>On or after 01/01/2000¹ and before 01/01/2008</p> <p>On or after 01/01/1994 and before 01/01/2000</p>	<p>100%</p> <p>100%</p> <p>None</p>	<p>20 Years</p> <p>10 Years</p> <p>Expired</p>

¹For NB or ESB NOL incurred on or after 01/01/2000 and before 01/01/2005, the carryover period has expired.

Note: For GEN, NB, or ESB NOL incurred on or after 01/01/2005 and before 01/01/2006, 2019 is the last taxable year to claim the NOL carryover deduction.