

# Supplement to Form 511

## OKLAHOMA NET OPERATING LOSS

### FULL-YEAR RESIDENTS ONLY



For loss years 2016 and subsequent, use this form. For loss years 2015 and prior, use the NOL form from the “Archives: Past Years Income Tax Forms” page of our website at [www.tax.ok.gov](http://www.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 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 Internal Revenue Code. An election may be made to forego the Net Operating Loss (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 Internal Revenue Code. 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.

You may choose to treat a farming loss as if it were not a farming loss. To make this choice, attach a statement to your loss year return stating that you are choosing to treat the farming loss as if it were not a farming loss under Section 172(b)(1)(B) of the Internal Revenue Code.

## 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 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 Adjusted Gross Income 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	



**OKLAHOMA NET OPERATING LOSS FULL-YEAR RESIDENTS ONLY**

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

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

**COMPUTATION OF OKLAHOMA NET OPERATING LOSS FOR TAX YEAR \_\_\_\_\_**

	1. Oklahoma adjusted gross income from Form 511, line 7 .....	1		
<b>DEDUCTIONS</b>	a. Enter amount from the NOL Instructions: Computation of Itemized Deductions or enter the Oklahoma Standard Deduction if you did not itemize.....	2a		
	b. Enter Total Adjustments to Oklahoma Adjusted Gross Income from Schedule 511-C.....	2b		
	c. Add lines 2a and 2b .....	2c		( )
3.	Combine lines 1 and 2c. Enter the total here .....	3		
<b>Note:</b> If line 3 is zero or more, do not complete remainder of schedule. There is no net operating loss.				
<b>ADJUSTMENTS: Lines 4 - 26 are entered as positive numbers.</b>				
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 zero.....	6		
7.	If line 5 is larger than line 4, enter difference; otherwise enter zero.....	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 zero.....	11		
12.	If line 10 is larger than line 8, enter difference ( <b>but do not enter more than line 7</b> ); otherwise enter zero.....	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 zero.....	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 zero.....	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 zero.....	22		
23.	If line 21 is more than line 20, enter difference; otherwise enter zero.....	23		
24.	Subtract line 22 from line 17. If zero or less, enter zero.....	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 zero. You do not have a Net Operating Loss.

