

**IRS****News Release****Media Relations Office****Washington, D.C.****Tel. 202.622.4000****For Release: 5/22/02****Release No: IR-2002-66****IRS GIVES TAXPAYERS UNTIL OCT. 31 TO MAKE CHOICE  
ON NEW 5-YEAR CARRYBACK FOR NET OPERATING LOSSES**

WASHINGTON – The Internal Revenue Service today allowed taxpayers until Oct. 31, 2002, to choose whether or not they want to use the new five-year carryback period for net operating losses (NOLs) that was part of a tax law enacted in March.

The new law made the extended carryback period effective for tax years ending in 2001 or 2002, but some taxpayers who filed returns before the law was passed would not have been able to use this provision.

The Congressional tax-writing committees have advised the Treasury Department that this was not their intent and that they will pursue technical corrections legislation to let taxpayers take maximum advantage of the carryback period. Today's procedures reflect that clarification.

Taxpayers that incurred an NOL but either elected to forgo any carryback period or used a two-year period when they filed may switch to the five-year period and claim a quick refund until Oct. 31, even though they would not usually have been able to do so. Those who want their return to remain as they filed it need not do anything.

Taxpayers that neither elected to forgo the carryback period nor used a two-year period may choose to relinquish the five-year period and apply a two-year period.

Revenue Procedure 2002-40 has details on what taxpayers should do in each situation. It will be on the IRS Web site at [www.irs.gov](http://www.irs.gov) soon and will be published in Internal Revenue Bulletin 2002-23, dated June 10, 2002.

The Web site also has the new IRS Publication 3991, "Highlights of the Job Creation and Worker Assistance Act of 2002," with details on other tax law changes. Among these are a deduction for educators' expenses, additional first-year depreciation for new business property placed in service after Sept. 10, 2001, and tax incentives for the New York Liberty Zone. Pub. 3991 is also available by calling 1-800-829-3676.

Rev. Proc. 2002-33, explaining how to claim the additional depreciation and certain Liberty Zone benefits if not originally claimed on returns filed before June 1, was in Internal Revenue Bulletin 2002-20, dated May 20, and is also on the Web site.

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