

Application for Tentative Refund
 (From Carryback of Net Operating Loss, Unused Investment Credit, Unused Work Incentive (WIN) Program Credit, Unused Jobs Credit, OR Overpayment of Tax Due to a Claim of Right Adjustment Under Section 1341(b)(1))
 ▶ For use by taxpayers other than corporations.

Do Not Attach to Your Income Tax Return—File Separately to Expedite Processing

Please type or print	Name	Employer identification number
	Number and street	Your social security number
	City or town, State and ZIP code	Spouse's social security number

1 Return for year of net operating loss, unused investment credit, unused WIN credit, unused jobs credit, or overpayment under section 1341(b)(1) ▶	(a) Tax year ended	(b) Date filed	(c) Service center where filed
2 This application is filed to carryback: ▶	(a) Net operating loss (from page 2, line 10) \$	(b) Unused investment credit \$	(c) Unused WIN credit \$
3 (a) Preceding tax year(s) affected by carryback	(b) Did spouse file a separate return?		(c) Service center where return(s) filed (City and State)
3d	<input type="checkbox"/> Yes <input type="checkbox"/> No		
2d	<input type="checkbox"/> Yes <input type="checkbox"/> No		
1st	<input type="checkbox"/> Yes <input type="checkbox"/> No		
4 If you changed your accounting period, give date permission to change was granted ▶			
5 Have you filed a petition in Tax Court for the year or years to which the carryback is to be applied? <input type="checkbox"/> Yes <input type="checkbox"/> No			

Computation of Decrease in Tax	3d preceding tax year ended ▶		2d preceding tax year ended ▶		1st preceding tax year ended ▶	
	(a) Before carryback	(b) After carryback	(c) Before carryback	(d) After carryback	(e) Before carryback	(f) After carryback
	6 Adjusted gross income as last determined					
7 Net operating loss deduction resulting from carryback (See Instructions—Attach computation)						
8 Subtract line 7 from line 6						
9 Deductions						
10 Subtract line 9 from line 8						
11 Exemptions						
12 Taxable income (subtract line 11 from 10)						
13 Income tax						
14 Foreign tax credit						
15 Investment credit (see instruction H)						
16 WIN credit (see instruction H)						
17 Jobs credit (see instruction H)						
18 Other credits						
19 Total credits (add lines 14 through 18)						
20 Subtract line 19 from line 13						
21 Tax from recomputing prior-year investment credit						
22 Minimum tax						
23 Alternative minimum tax						
24 Self-employment tax						
25 Other taxes						
26 Total tax liability (add lines 20 through 25)						
27 Enter amount from line 26	column (b)					
	column (d)					
	column (f)					
28 Decrease in tax (subtract line 27 from 26)						
29 Overpayment of tax due to a claim of right adjustment under section 1341(b)(1)—attach computation (see instruction I)						

Under penalties of perjury, I declare that I have examined this application (including any accompanying schedules and statements), and to the best of my knowledge and belief it is true, correct, and complete.

(Your signature and date) (If application is filed jointly, both you and your spouse must sign) (Spouse's signature and date)

Schedule A (Form 1045)—Computation of Net Operating Loss

1 Adjusted gross income from Form 1040, line 32 (estates and trusts—see instructions)		1					
2 Deductions (applies to individuals only):							
a Enter amount from Form 1040, line 33	2a						
b On your 1980 Form 1040, if you checked Filing Status box	2b						
<table style="display:inline-table; border:none;"> <tr> <td style="font-size:small; padding-right:5px;">2 or 5, enter \$3,400</td> <td rowspan="3" style="font-size:small; vertical-align:middle;">}</td> </tr> <tr> <td style="font-size:small; padding-right:5px;">1 or 4, enter \$2,300</td> </tr> <tr> <td style="font-size:small; padding-right:5px;">3, enter \$1,700 . . .</td> </tr> </table>	2 or 5, enter \$3,400	}	1 or 4, enter \$2,300	3, enter \$1,700 . . .	2c		
2 or 5, enter \$3,400	}						
1 or 4, enter \$2,300							
3, enter \$1,700 . . .							
c Multiply \$1,000 by the total number of exemptions on Form 1040, line 7							
d Add lines 2a through 2c (estates and trusts, enter zero)		2d					
3 If line 1 is zero or less, add lines 1 and 2d. If line 1 is more than zero, subtract line 2d from line 1		3					
<i>Note: If result is zero or more, do not complete rest of schedule. You do not have a net operating loss.</i>							
Adjustments:							
4 Exemptions from line 2c above, or your tax return	4						
5 Enter your 60% capital gain deduction from Schedule D, Form 4798, or that was excluded from Form 1040, line 15	5						
a Enter the excess of your nonbusiness capital losses over your nonbusiness capital gains	6a						
b Enter the excess of your business capital losses over your business capital gains plus nonbusiness capital gains not used in figuring line 8(c)	6b						
c Enter total of lines 6(a) and 6(b) but not more than the capital loss deduction shown on your return	6c						
7 Net operating loss deduction from other years	7						
a Nonbusiness deductions	8a						
b Nonbusiness income plus the excess of your nonbusiness capital gains over your nonbusiness capital losses	8b						
c Subtract line 8b from line 8a. If 8b is more than 8a, enter zero	8c						
9 Add lines 4, 5, 6c, 7, and 8c		9					
10 Subtract line 9 from line 3. This is your net operating loss. Enter here and on page 1, line 2a		10					
<i>Caution: If the amount to be entered on line 10 is zero or more, you do not have a net operating loss.</i>							

Instructions for Schedule A (Form 1045)—Computation of Net Operating Loss

Use this schedule to figure your net operating loss that is available for carryback or carryforward.

Line 1.—Individuals, enter your adjusted gross income from Form 1040, line 32. Estates and trusts, enter your taxable income from your appropriate tax return.

Line 6.—If your business capital gains plus your nonbusiness capital gains not used in figuring line 8(c) exceed your business capital losses, enter zero on line 6(b). If you have a net capital loss for the year, limit the total of the amounts on lines 6(a) and 6(b) to the amount of your capital loss deduction shown on your return. For more information, see regulations section 1.172-3 and Publication 535, Business Expenses and Operating Losses.

Line 8(a) and 8(b).—Nonbusiness income and deductions are those not connected with a trade or business.

Your zero bracket amount from line 2(b), above, is allowed as a nonbusiness deduction if the election to itemize deductions has not been made. Itemized deductions, if elected, are usually nonbusiness also except for casualty loss deductions and any employee business expenses such as union dues, uniforms, tools, and educational expenses.

Salaries and wages you received are trade or business income.

Gain or loss on sale or other disposition of real or depreciable

property used in your trade or business is considered business income.

Loss on the sale of accounts receivable, if such accounts arose under the accrual method of accounting in your business, is included as a business deduction.

Casualty losses and theft losses are considered attributable to your trade or business. This is true even if it involves non-business property.

Your proportionate share of a partnership's income or loss is considered business income or loss.

Losses on stocks in small business corporations which qualify as ordinary losses are business losses.

Shareholders of an electing small business corporation (Subchapter S) may treat their allowable pro rata share of the corporation's net operating loss as a business loss. Any share of the income or gain, other than salaries, from a subchapter S corporation is treated as nonbusiness income or gain.

Loss resulting from the sale or exchange of small business investment company stock which qualifies as an ordinary loss, is considered as a loss attributable to your trade or business.

The deduction allowed for payments made by a self-employed person to a retirement plan is treated as a nonbusiness deduction.

General Instructions For Form 1045

(Section references are to the Internal Revenue Code unless otherwise specified)

A. Purpose of Form.—An individual, estate or trust must use this form to apply for:

(1) A quick refund of taxes from carryback of a net operating loss, unused investment credit, unused WIN credit, or unused jobs credit.

(2) A quick refund of taxes from an overpayment of tax due to a claim of right adjustment under section 1341(b)(1).

Do not attach Form 1045 to your income tax return.

B. Special Rules.

Carryback. If you filed a joint return for some, but not all of the tax years involved in the carryback, see section 1.172-7 of the regulations before applying the carryback.

You may elect to carry forward a net operating loss instead of first carrying it back by attaching a statement to this effect on a timely filed return (including any extensions) for the year of the loss. Once you make such an election, it is irrevocable for that tax year. The carryforward is limited to 7 years, whether or not a carryback is used first.

C. Time and Place for Filing.—This form must be filed with the Internal Revenue Service Center where your tax return is required to be filed. It must be filed within 1 year after the end of the year in which the net operating loss, unused credit, or claim of right adjustment arose, but only after the return for such year is filed.

In the following cases, if an unused credit arises, it may be carried back 3 additional years.

- A net operating loss carryback eliminates or reduces an investment credit, WIN credit, or jobs credit in a prior year.
- An investment credit carryback reduces a WIN credit or jobs credit in a prior year.
- A WIN credit carryback reduces a jobs credit in a prior year.

Since the unused credit created affects the taxes of a year or years before the 3 years preceding the loss year, or unused credit year, a second Form 1045 must be used for such year(s). In such case, the second application must also be filed within 1 year after the year of the net operating loss or unused credit. To expedite processing, both Forms 1045 should be filed together.

D. Allowance of Adjustment.—The Internal Revenue Service will act on this application within a period of 90 days from the later of:

(1) The date on which this application is filed; or

(2) The last day of the month in which falls the due date (including any extension of time granted) of the return for the tax year of the net operating loss or unused credit. (For an overpayment of tax under section 1341(b)(1), 90 days from the date of the overpayment.)

Additional Information.—We may need to contact you (or your authorized representative if you have one) for additional information in order to be able to act on your application within 90 days. If you wish to designate a representative for us to contact (for example your accountant or tax return preparer), please attach a copy of your authorization form to Form 1045. Form 2848, Power of Attorney and Declaration of Representative, or Form 2848-D, Tax Information Authorization and Declaration of Representative, may be used for this purpose.

E. Disallowance of Application.—The Internal Revenue Service may disallow any application which contains material omissions, or errors of computation which it deems cannot be corrected by it within the 90-day period. This application for a tentative carryback adjustment is not a claim for credit or refund. If it is disallowed in whole or in part, no suit may be brought in any court for the recovery of that tax. You may, however, file a claim for refund before the expiration of the period of limitation, as explained in instruction G.

F. Assessment of Erroneous Allowances.—Any amount applied, credited, or refunded on the basis of this application which is later determined by the Internal Revenue Service to be excessive may be assessed as a deficiency as if it were due to a mathematical or clerical error appearing on the return.

G. Form 1040X (or other Amended Return).—If you are an individual, you may obtain a refund by filing Form 1040X. An estate, trust, or fiduciary may file an amended return. Generally, Form 1040X (or amended return) must be filed within 3 years after the due date of the return for the tax year of the net operating loss or unused credit.

If you use Form 1040X or an amended return, attach a computation of your net operating loss. You may use Schedule A

(Form 1045). A separate Form 1040X or amended return must be completed for each year you request an adjustment.

H. Carryback of Unused Investment Credit, Unused WIN Credit, or Unused Jobs Credit.—If you claim a tentative carryback adjustment based on the carryback of any of these credits, attach (1) a detailed schedule showing the computation of the credit carryback and (2) a recomputation of the credit after application of the carryback. Make the recomputation on the appropriate credit form (or on an attachment which follows the format of such form) for the tax year of the tentative allowance.

If the refund is only from a credit carryback, skip lines 6 through 12 when figuring the decrease in tax on page 1.

I. Overpayment of Tax under Section 1341(b)(1).—If you apply for a tentative refund based on an overpayment of tax under section 1341(b)(1), enter it on Form 1045, line 29. In addition, attach a computation which shows the information required in regulation section 5.6411-1(d).

J. Years to Which You May Carry a Net Operating Loss.—Generally, you must first carry a net operating loss back to the third tax year before the loss.

Any amount of the loss not used to offset taxable income (adjusted, as explained in instruction M) for the third preceding year is carried to the second preceding year. Any amount of the loss not used to offset such income for the third and second preceding years is carried to the first preceding year. Where the loss is not entirely used to offset taxable income (adjusted) in the 3 preceding years, the balance may be carried forward to the 7 succeeding years (after net operating loss year) in the order of their occurrence. The balance of the loss (if any) which is not applied in the 3 carryback and 7 carryover years, cannot be carried to any later tax years.

Example.—You started in business in the calendar year 1980 and had a net operating loss for the year of \$62,000. Before 1980 your income consisted of wages. Your taxable income (after necessary adjustments) in the other years to which the loss may be carried back or forward is as follows:

Year	Net operating loss	Carryback or carryover	Adjusted taxable income	Unused carryback or carryover
1977 3rd preceding year . . .	\$62,000		\$2,000	\$60,000
1978 2nd preceding year . . .	60,000		3,000	57,000
1979 1st preceding year . . .	57,000		5,500	51,500
1980 Loss year . . .	\$62,000			
1981 1st succeeding year . . .		51,500	7,000	44,500
1982 2nd succeeding year . . .		44,500	3,800	40,700
1983 3rd succeeding year . . .		40,700	10,700	30,000
1984 4th succeeding year . . .		30,000	6,000	24,000
1985 5th succeeding year . . .		24,000	2,500	21,500
1986 6th succeeding year . . .		21,500	9,000	12,500
1987 7th succeeding year . . .		12,500	11,000	1,500

The \$1,500 carryover remaining at the end of 1987 may not be used in 1988 or any other year.

For election with respect to the part of a net operating loss from a foreign expropriation loss, product liability loss, and other exceptions to the general rule, see section 172(b) and the regulations.

K. Net Operating Loss Deduction.—The sum of your net operating loss carrybacks and carryovers is your net operating loss deduction for the tax year to which carried. Before you can figure your net operating loss deduction for the year, you must first determine what part of any net operating losses for any earlier or later tax years represents carryovers or carrybacks to the tax year under consideration. When you have more than one net operating loss to be carried to the same tax year, apply the loss from the earliest year first.

L. Computation When the Net Operating Loss is Fully Absorbed in the Earliest Preceding Tax Year.—In figuring your tax liability for the year to which the net operating loss is carried and fully absorbed, the deduction for charitable contributions is determined without regard to any net operating loss carryback. Any other deductions claimed, based on or limited to a percentage of your adjusted gross income (such as medical expenses) must be figured on the basis of your adjusted gross income, determined after application of the net operating loss carryback. Also, any credits based on or limited by the tax must be figured on the tax liability as determined after application of the net operating loss carryback.

Example.—You, as a single individual, have a net operating loss for 1980 of \$8,000. This loss will be carried back and applied against your income for 1977. Since there are no other carrybacks or carryovers to 1977, the \$8,000 will be your net operating loss deduction. The computations of your tax liability for 1977, both before and after the carryback of the 1980 net operating loss, are shown below.

	Before Carryback	After Carryback
Adjusted Gross Income (AGI) as last determined	\$17,000	\$17,000
Less: Net operating loss deduction (fully absorbed)	—	8,000
Adjusted Gross Income (AGI) as adjusted by carryback	\$17,000	\$ 9,000
Less excess itemized deductions:		
Contributions to United Way. (Although this is more than 50% of your AGI after the carryback, no adjustment is made because of the carryback)	\$5,000	\$5,000
Medical expenses paid to physicians (actual payments of \$970 limited to amounts in excess of 3% of your AGI, both before and after the carryback)	460	700
Misc. itemized deductions	900	900
Total itemized deductions	<u>\$6,360</u>	<u>\$6,600</u>
Zero bracket amount	<u>2,200</u>	<u>2,200</u>
Excess itemized deductions	\$ 4,160	\$ 4,400
Tax table income	<u>\$12,840</u>	<u>\$ 4,600</u>
Tax on above	\$ 1,879	\$ 211
Less tax liability after carryback	211	
Decrease in tax for 1977 (amount to be refunded)	<u>\$ 1,668</u>	

Less excess itemized deductions:	
Charitable contributions (adjusted to limit deduction to 50% of \$15,000 adjusted gross income)	\$7,500
Medical expenses (adjusted to limit deduction to amount in excess of 3% of \$15,000 adjusted gross income)	50
Other itemized deductions	<u>900</u>
	8,450
Zero bracket amount	<u>(2,200)</u>
Excess itemized deductions	\$6,250
Less personal exemptions allowed	0
Less zero bracket amount	<u>2,200</u>
Total deductions	<u>\$8,450</u>
Taxable income for 1977 as modified	<u>\$6,550</u>
Amount of 1980 net operating loss (unused) to be carried to 1978	<u>\$1,450</u>

M. Computation When the Net Operating Loss is Not Fully Absorbed in Preceding Tax Year(s).—The amount of a net operating loss which you may carry to the next year, after applying it to a prior year or years, is the excess, if any, of the net operating loss carryback over the taxable income of such prior year(s) figured with the following modifications:

- (1) Your deduction for capital losses must not be more than the capital gains included in gross income.
- (2) You are not permitted any deduction for the excess of a net long-term capital gain over a net short-term capital loss.
- (3) Your taxable income for the prior tax year(s) is determined without taking into account the net operating loss carryback from the loss year or any later tax year. Net operating losses, otherwise allowable as carrybacks or carryovers, occurring in tax years before such loss year, are taken into account in figuring the taxable income for the prior tax year.
- (4) You may not claim any personal exemptions.
- (5) Any deductions claimed, except charitable contributions, which are based on or limited to a percentage of adjusted gross income (such as medical expenses) must be refigured on the basis of the adjusted gross income after application of adjustments (1), (2), and (3) above. The deduction for charitable contributions is determined using the same adjustments except that you do not take into account any net operating losses being carried back.
- (6) Your zero bracket amount is allowed as a deduction. This amount is \$3,200 (\$3,400 in 1979 and later years) if married filing joint return or qualifying widow(er) with dependent child, \$2,200 (\$2,300 in 1979 and later years) if single or head of household, or \$1,600 (\$1,700 in 1979 and later years) if married filing separately.

The taxable income as modified is to be considered not less than zero.

Example.—You, as a single individual had a net operating loss for the calendar year 1980 of \$8,000 that you have carried back to 1977. Your taxable income for 1977 was \$6,940 consisting of your salary of \$15,000 less the following: \$2,000 deduction for capital losses, excess itemized deductions of \$5,310 and personal exemptions of \$750. Your excess itemized deductions consisted of charitable contributions of \$6,500 (\$8,000 actually given but deduction limited to 50% of \$13,000 adjusted gross income); medical expenses of \$110 (\$500 actually paid but deductions limited to expenses in excess of 3% of \$13,000 adjusted gross income); other itemized deductions of \$900; less your zero bracket amount of \$2,200.

Net operating loss for 1980	\$8,000
Less taxable income for 1977 figured with required modifications:	
Salary	\$15,000
Less allowable deduction for capital losses	0
Adjusted gross income	\$15,000

Line-By-Line Instructions For Form 1045

Enter in columns (a), (c) and (e) your tax for the applicable carryback year as shown on your original or amended return. If the return was examined, enter the amounts that were determined as a result of the examination.

Line 9—Deductions.

Individuals.—Enter the amount shown on your Form 1040, line 33. If you used Form 1040A, enter zero. If you made an entry on Schedule TC, Form 1040, Part II, line 4, enter that amount on this line. Then add lines 8 and 9, instead of subtracting, and enter the result on line 10.

Line 10.—If you are an individual and you use the Tax Tables, make no entry on lines 11 and 12. Also, do not take the general tax credit. Enter on line 13 the tax on the income reported on line 10.

Line 13—Income Tax.—Refigure your tax after the carryback to determine the tax decrease. Include in the tax before carryback, amounts shown on your original or amended return, and later adjusted, based on an examination of your return.

Attach a detailed computation of the new tax liability shown on line 13, columns (b), (d), and (f). The tax form and instructions for the applicable year will be helpful in making this computation. Include in the amount on line 13 any tax from Form 4970, Form 4972, Form 5544, Form 5405, and any section 72 (m)(5) penalty tax.

If you qualified for income averaging for a particular year, you may later become disqualified or have a reduced benefit because of a net operating loss carryback. A net operating loss carryback may also make you eligible for income averaging for a year you previously failed to qualify.

Line 18—Other Credits.—See your tax return for the carryback year for any additional credits (such as general tax credit, credit for the elderly, credit for contributions to candidates for public office, residential energy credits, etc.) that will apply in that year. If there is an entry on line 18, identify the credit(s) claimed.

Line 22—Minimum Tax.—Refigure your minimum tax for a prior year in which you had items of tax preference, if a net operating loss or unused credit was carried back to that year. Attach a recomputation of the minimum tax for the prior year using Form 4625.

Line 23—Alternative Minimum Tax.—Carryback of an unused credit to 1979 or later, may increase your alternative minimum tax or first cause you to be liable. A carryback of a net operating loss to 1979 or later, may reduce your alternative minimum tax. Use Form 6251 to figure this tax and attach a copy if there is any change to your alternative minimum tax liability.

Line 24—Self-employment Tax.—Make no adjustment to the self-employment tax because of any net operating loss carryback.

Line 25—Other Taxes.—See your tax return for the carryback year for any additional add on taxes not previously listed, such as tax from recomputing prior year WIN credit, that will apply in that year. If there is an entry on line 25, identify the applicable tax(es).