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.

Name

Number and street

City or town, State and ZIP code

(a) Tax year ended
(b) Date filed
(c) Service center where filed

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) Net operating loss (from page 2, line 10)
(b) Unused investment credit
(c) Unused WIN credit
(d) Unused jobs credit

2 This application is filed to carryback: ▶

(a) Did spouse file a separate return?
(b) Service center where return(s) filed (City and State)

3d □ Yes □ No

2d □ Yes □ No

1st □ Yes □ 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? . . . . □ Yes □ No

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
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)

Form 1045 (Rev. 1-81)
Schedule A (Form 1045)—Computation of Net Operating Loss

1. Adjusted gross income from Form 1040, line 32 (estates and trusts—see instructions).
2. Deductions (applies to individuals only):
   a. Enter amount from Form 1040, line 33.
   b. On your 1980 Form 1040, if you checked Filing Status box.
   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).
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.
   Note: If result is zero or more, do not complete rest of schedule. You do not have a net operating loss.

Adjustments:

4. Exemptions from line 2c above, or your tax return.
5. Enter your 60% capital gain deduction from Schedule D, Form 4798, or that was excluded from Form 1040, line 15.
6. a. Enter the excess of your nonbusiness capital losses over your nonbusiness capital gains.
   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).
   c. Enter total of lines 6(a) and 6(b) but not more than the capital loss deduction shown on your return.
7. Net operating loss deduction from other years.
   b. Nonbusiness income plus the excess of your nonbusiness capital gains over your nonbusiness capital losses.
   c. Subtract line 8b from line 8a. If 8b is more than 8a, enter zero.
9. Add lines 4, 5, 6c, 7, and 8c.
10. Subtract line 9 from line 3. This is your net operating loss. Enter here and on page 1, line 2a.
   Caution: If the amount to be entered on line 10 is zero or more, you do not have a net operating loss.

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 nonbusiness 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

(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 attached sheet) following the format of such form for the tax year of the tentative allowance.

If the refund is only from a carryback credit, 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 by regulations section 1.1341-1.

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 second and third 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 that the losses occurred. The loss carryforward to the 3 succeeding years, if 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:

<table>
<thead>
<tr>
<th>Year</th>
<th>Net operating loss</th>
<th>Carryback or carryover</th>
<th>Adjusted taxable income</th>
<th>Unused carryback or carryover</th>
</tr>
</thead>
<tbody>
<tr>
<td>1977 3rd preceding year</td>
<td>$62,000</td>
<td>60,000</td>
<td>60,000</td>
<td></td>
</tr>
<tr>
<td>1978 2nd preceding year</td>
<td>69,000</td>
<td>3,000</td>
<td>66,000</td>
<td></td>
</tr>
<tr>
<td>1979 1st preceding year</td>
<td>57,000</td>
<td>5,500</td>
<td>51,500</td>
<td></td>
</tr>
<tr>
<td>1980 Loss year</td>
<td>$62,000</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1981 1st succeeding year</td>
<td>51,500</td>
<td>7,000</td>
<td>44,500</td>
<td></td>
</tr>
<tr>
<td>1982 2nd succeeding year</td>
<td>44,500</td>
<td>3,800</td>
<td>40,700</td>
<td></td>
</tr>
<tr>
<td>1983 3rd succeeding year</td>
<td>40,700</td>
<td>10,700</td>
<td>30,000</td>
<td></td>
</tr>
<tr>
<td>1984 4th succeeding year</td>
<td>30,000</td>
<td>6,000</td>
<td>24,000</td>
<td></td>
</tr>
<tr>
<td>1985 5th succeeding year</td>
<td>24,000</td>
<td>2,500</td>
<td>21,500</td>
<td></td>
</tr>
<tr>
<td>1986 6th succeeding year</td>
<td>21,500</td>
<td>9,000</td>
<td>12,500</td>
<td></td>
</tr>
<tr>
<td>1987 7th succeeding year</td>
<td>12,500</td>
<td>11,000</td>
<td>1,500</td>
<td></td>
</tr>
</tbody>
</table>

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 overprovision, 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 figure your net operating loss deduction, 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 adjustment in the order listed above.

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 net operating loss deduction, 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 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.

313–398–1
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 or actual spent expenses, must be refrigured 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 ($5,000 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

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 ............... 900

Zero bracket amount .... (2,200)
Excess itemized deductions ......... $6,250
Less personal exemptions allowed: 0
Less zero bracket amount .......... 2,200

Total deductions ............... $8,450
Taxable income for 1977 as modified .......... $6,550
Amount of 1980 net operating loss (unused) to be carried to 1978 .......... $1,450

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 11—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 1040, Schedule J, 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).