

Application for Tentative Refund
 (See instruction D for when to file.)
Do Not Attach to Your Income Tax Return—Mail in a Separate Envelope
 ▶ For use by taxpayers other than corporations.

Please type or print	Name	Social security or employer identification number
	Number and street	Spouse's social security number
	City or town, state, and ZIP code	Telephone no. (optional) ()

1 This application is filed to carry back: \$	(a) Net operating loss (from page 2, line 21)	(b) Unused general business credit \$
2 (a) For the year Jan. - Dec. 31, 1988, or other tax year beginning , 1988, ending , 19	(b) Date filed	(c) Service center where filed

- 3** If this application is for an unused credit created by another carryback, give year of the first carryback ▶
- 4** If spouse filed a separate return for a carryback year, indicate year ▶
- 5** If social security number for carryback year is different from above, enter number and indicate the year(s) ▶
- 6** If you changed your accounting period, give date permission to change was granted ▶
- 7** Have you filed a petition in Tax Court for the year or years to which the carryback is to be applied? Yes No
- 8** Does this carryback include a loss or credit from a tax shelter required to be registered? Yes No

Computation of Decrease in Tax	3rd preceding tax year ended ▶		2nd 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
9 Adjusted gross income from tax return						
10 Net operating loss deduction after carryback (see instructions—attach computation)						
11 Subtract line 10 from line 9						
12 Deductions (see instructions)						
13 Subtract line 12 from line 11						
14 Exemptions						
15 Taxable income (subtract line 14 from line 13)						
16 Income tax						
17 General business credit						
18 Other credits (identify)						
19 Total credits (add lines 17 and 18)						
20 Subtract line 19 from line 16						
21 Recapture of investment credit						
22 Alternative minimum tax						
23 Self-employment tax						
24 Other taxes						
25 Total tax liability (add lines 20 through 24)						
26 Enter amount from line 25, cols. (b), (d), and (f)						
27 Decrease in tax (subtract line 26 from line 25)						

28 Overpayment of tax due to a claim of right adjustment under section 1341(b)(1)—attach computation

Under penalties of perjury, I declare that I have examined this application and accompanying schedules and statements, and to the best of my knowledge and belief, they are 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 1988 Form 1040, line 32 (estates and trusts, skip lines 1 and 2)		1	
2	Deductions (applies to individuals only):			
a	Enter amount from your 1988 Form 1040, line 34	2a		
b	Multiply \$1,950 by the total number of exemptions on your 1988 Form 1040, line 6e	2b		
c	Add lines 2a and 2b		2c	()
3	Combine lines 1 and 2c (estates and trusts, enter your taxable income)		3	
Note: If line 3 is zero or more, do not complete rest of schedule. You do not have a net operating loss.				
Adjustments:				
4	Exemptions from line 2b above (estates and trusts, enter exemption from your tax return)		4	
5	Enter your nonbusiness capital losses	5		
6	Enter your nonbusiness capital gains	6		
7	If the amount on line 5 is larger than the amount on line 6, enter difference; otherwise, enter zero	7		
8	If the amount on line 6 is larger than the amount on line 5, enter difference; otherwise, enter zero	8		
9	Nonbusiness deductions	9		
10	Nonbusiness income (other than capital gains)	10		
11	Add lines 8 and 10	11		
12	If line 9 is more than line 11, enter difference; otherwise, enter zero		12	
13	If line 11 is more than line 9, enter difference (but do not enter more than line 8); otherwise, enter zero	13		
14	Enter your business capital losses	14		
15	Enter your business capital gains	15		
16	Add lines 13 and 15	16		
17	If the amount on line 14 is larger than the amount on line 16, enter difference; otherwise, enter zero	17		
18	Add lines 7 and 17, but do not enter more than your capital loss limitation		18	
19	Net operating losses from other years		19	
20	Add lines 4, 12, 18, and 19		20	
21	Combine lines 3 and 20. This is your net operating loss. Enter here and on page 1, line 1a		21	

Caution: If line 21 is zero or more, you do not have a net operating loss.

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

Use and include this schedule for your net operating loss that is available for carryback or carryover.

Line 18.— If you have a net capital loss for 1988, do not include in line 18 your net capital loss not allowed because of the capital loss limitation. For more information, see Regulations section 1.172-3 and **Pub. 536**, Net Operating Losses.

Nonbusiness Income and Deductions are those not connected with a trade or business.

Your standard deduction is a nonbusiness deduction if you do not itemize deductions. Itemized deductions are usually nonbusiness, 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 business income or loss.

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

Casualty losses and theft losses are considered attributable to a trade or business. This is true even if they involve nonbusiness property.

Your proportionate share of a partnership or an S corporation's income or loss is business income or loss.

Losses on stock in small business corporations that qualify as ordinary losses are business losses.

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

The deductions allowed for payments to a Keogh retirement plan and Individual Retirement Arrangement are nonbusiness deductions.

General Instructions

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

Paperwork Reduction Act Notice.—We ask for this information to carry out the Internal Revenue laws of the United States. We need it to ensure that taxpayers are complying with these laws and to allow us to figure and collect the right amount of tax. You are required to give us this information.

The time needed to complete and file this form will vary depending on individual circumstances. The estimated average time is:

Recordkeeping	34 hrs., 12 min.
Learning about the law or the form	10 hrs.
Preparing the form	31 hrs., 28 min.
Copying, assembling, and sending the form to IRS	5 hrs., 54 min.

If you have comments concerning the accuracy of these time estimates or suggestions for making this form more simple, we would be happy to hear from you. You can write to the **Internal Revenue Service**, Washington, DC 20224, Attention: IRS Reports Clearance Officer, TR:FP; or the **Office of Management and Budget**, Paperwork Reduction Project, Washington, DC 20503.

A. Purpose of Form.—If you are an individual, estate, or trust, use this form to apply for:

- A quick refund of taxes from carryback of a net operating loss or an unused general business credit.
- A quick refund of taxes from an overpayment of tax due to a claim of right adjustment under section 1341(b)(1).

Note: You may elect to carry over a 1988 net operating loss instead of first carrying it back by attaching a statement to that effect on a return filed on time (including any extensions) for 1988. Once you make such an election, it is irrevocable. The carryover is limited to 15 years, whether or not you first carry it back.

B. Where To File.—File this form with the Internal Revenue Service Center where you are required to file your 1988 income tax return. Do not mail Form 1045 with your 1988 income tax return.

C. What To Attach.—Attach copies of the following, if applicable, to Form 1045 for the year of the loss or credit:

- If you are an individual, pages 1 and 2 of your 1988 Form 1040, and Schedules A and D.
- All Schedules K-1 you received from a partnership, S corporation, estate, or trust which contribute to the loss or credit carryback.
- A copy of the application for extension of time to file your 1988 income tax return.
- Copies of all **Forms 8271**, Investor Reporting of Tax Shelter Registration Number, attached to your 1988 Form 1040.
- Any other form or schedule from which the carryback results (such as Schedules C or F, or Form 3468).

In addition, attach copies of forms or schedules for items figured in the carryback years (such as Form 6251 or Form 3468).

All information described above must be attached to your application, if applicable, or your Form 1045 will not be processed. In addition, all questions on page 1 must be answered.

D. When To File.—File 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 on or after the date you file your 1988 return.

When a net operating loss or credit carryback eliminates or reduces another credit in an earlier year, you may be able to carry back the released credit 3 more years. See the credit forms for the carryback years for additional information. Also see section 39 and the regulations under section 6411.

Since the unused credit created affects the taxes of a year or years before the 3 years preceding the 1988 tax year, use a second Form 1045 for the earlier year(s). Also, file the second application within 1 year after the 1988 tax year. To expedite processing, file the two Forms 1045 together

E. Allowance of Adjustment.—The IRS will act on this application within 90 days from the later of:

- The date you file the complete application; or
- The last day of the month in which the due date falls (including any extension of time granted) for filing the return for the 1988 tax year. (For an overpayment of tax under section 1341(b)(1), 90 days from the date of the overpayment.)

In certain cases involving abusive tax shelter promotions, the Internal Revenue Service, before processing and before refunds are paid, will reduce refunds of investors when appropriate, and will offset deficiencies assessed under provisions of section 6213(b)(3) against scheduled refunds resulting from tentative carryback adjustments under section 6411(b). See Revenue Procedure 84-84 and Revenue Ruling 84-175.

The processing of the Form 1045 and the payment of the refund requested does not mean the IRS has accepted the items carried back to previous years as being correct. If it is later determined by an examination of the tax return for the year of the carryback that the claimed deductions or credits are due to an overvaluation of assets or negligence, penalties may be assessed against you. They are:

- Section 6621(c); 120% of the underpayment rate on tax motivated transactions.
- Section 6653(a), negligent underpayment of taxes; 5% penalty on the underpayment.
- Section 6659; 10%, 20%, or 30% penalty on overvaluation of assets.
- Section 6661; 25% penalty on substantial understatement of tax liability.

In addition to these penalties, any tax deficiency will also generate interest compounded daily.

Additional Information.—We may need to contact you (or your authorized representative if you have one) for more information so we can act on your application. If you want to designate a representative for us to contact (for example, your accountant or tax return preparer), please attach a copy of your authorization to Form 1045. You may use for this purpose **Form 2848**, Power of Attorney and Declaration of Representative, or **Form 2848-D**, Tax Information Authorization and Declaration of Representative.

F. Disallowance of Application.—This application for a tentative carryback adjustment is not a claim for credit or refund. Any application may be disallowed if it has material omissions or math errors that cannot be corrected within the 90-day period. If it is disallowed in whole or in part, no suit may be brought in any court for the recovery of that tax. But you may file a regular claim for credit or refund before the limitation period expires, as explained in instruction H.

G. Excess Allowances.—Any amount applied, credited, or refunded based on this application that the IRS later determines to be excessive may be billed as if it were due to a math or clerical error on the return.

H. Form 1040X (or Other Amended Return).—If you are an individual, you can get a refund by filing Form 1040X, instead of Form 1045. An estate or trust may file an amended return. Generally, you must file Form 1040X (or amended return) within 3 years after the due date of the return for the 1988 tax year.

The procedures governing Form 1040X differ from those governing Form 1045. The IRS is not required to act on your Form 1040X within 90 days. However, if the IRS does not act on it within 6 months from the date you filed it, you may file suit in court. But you must file suit no later than 2 years after the IRS disallows your claim on Form 1040X.

If you use Form 1040X or an amended return, attach a computation of your net operating loss on Schedule A (Form 1045). Complete a separate Form 1040X or amended return for each year you request an adjustment.

Line-by-Line Instructions

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

Line 1(a)—Net operating loss carryback.—Figure your net operating loss on Schedule A (Form 1045).

Carry a net operating loss back to the 3rd tax year before the loss. Any loss not used in the 3rd year is carried to the 2nd, and then the 1st preceding year. Carry a loss not applied in the 3 preceding years forward up to 15 years. Special rules apply for any part of a net operating loss related to a foreign expropriation loss, a product liability loss, and certain other losses. See section 172(b) and related regulations for details.

If you filed a joint return (or a separate return) for some, but not all of the tax years involved in figuring the net operating loss carryback, special rules apply in computing the net operating loss deduction. See **Pub. 536**, Net Operating Losses. Attach a computation showing how you figured the carryback.

Line 1(b)—Carryback of unused general business credit.—If you claim a tentative refund based on the carryback of this credit, attach a detailed computation showing how you figured the credit carryback, and a recomputation of the credit after you apply the carryback. Make the recomputation on the appropriate credit form, or on an attachment that follows the format of the form, for the tax year of the tentative allowance.

If you filed a joint return (or separate return) for some, but not all of the tax years involved in figuring the unused credit carryback, special rules apply in computing the carryback. Get **Pub. 572**, General Business Credit. Attach a computation showing how you figured the carryback.

Line 2(a).—If the year of the loss, unused credit, or overpayment under section 1341(b)(1) is other than the calendar year 1988, please enter the required information.

Line 10—Computation of net operating loss when it is not fully absorbed in preceding tax years.—The amount of a net operating loss you may carry to the next year, after applying it to an earlier year or years, is the excess, if any, of the net operating loss carryback over the taxable income of those earlier years, figured with the following modifications:

- (1) Your deduction for the excess of capital losses over capital gains is not allowed.
- (2) You are not permitted the 60% capital gain deduction.
- (3) Determine your taxable income for the earlier tax year(s) without taking into account the net operating loss carryback from the 1988 tax year or any later tax year. Net operating losses, otherwise allowable as carrybacks or carryovers, occurring in tax years before the 1988 tax year, are taken into account in figuring the taxable income for the earlier tax year.
- (4) You may not claim any personal exemptions.
- (5) Any deductions claimed, except charitable contributions, that 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 you apply (1), (2), and (3) above. Determine the deduction for charitable contributions using the same adjustments except that you do not take into account any net operating losses you carry back.
- (6) Your zero bracket amount shown below is allowed as a deduction.

	1985	1986
Married filing joint return or qualifying widow(er) . . .	\$3,540	\$3,670
Single or head of household . .	\$2,390	\$2,480
Married filing separately . . .	\$1,770	\$1,835

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

Line 12—Deductions.

Individuals.—Enter the amount shown on your Form 1040, line 34a or 34e for 1985; 34a or 34d for 1986; 33a or 33b for 1987. If you used Form 1040A, enter the amount from line 16d for 1985; 16c for 1986; 14d for 1987. If you used Form 1040EZ, enter the amount from line 4 for 1986 and 1985.

Line 13.—If you used the worksheet in the Form 1040 instructions under "You Must Itemize Deductions," for 1985 or 1986 enter the amount from line 5 of the worksheet on Form 1045, line 13.

Line 16—Income tax.—For columns (b), (d), and (f), refigure your tax after taking the net operating loss carryback into account. Attach a detailed computation. The tax form and instructions for the applicable year will help you make this computation. Include on this line any tax from Form 4970, Form 4972, and Form 5544.

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 when you previously did not qualify.

Computation of tax when the net operating loss is fully absorbed in the earliest preceding tax year.—In refiguring your tax for the year to which the net operating loss is carried and fully absorbed, determine the deduction for charitable contributions 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 refigured on the basis of your adjusted gross income, determined after you apply the net operating loss carryback. Also, any credits based on, or limited by, the tax must be refigured on the tax as determined after you apply the net operating loss carryback.

See Pub. 536 for more information and examples.

Line 17—General business credit.—Enter any general business credit. Identify the applicable credits.

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

Line 22—Alternative minimum tax.—A carryback of an unused credit may increase your alternative minimum tax or first cause you to be liable for it. A carryback of a net operating loss 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 23—Self-employment tax.—Do not adjust the self-employment tax because of any carryback.

Line 24—Other taxes.—See your tax return for the carryback year for any add-on taxes not previously listed, such as tax on an IRA, that will apply in that year. If there is an entry on this line, identify the tax(es) that apply.

Line 28—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 this line. Also attach a computation that shows the information required in Regulations section 5.6411-1(d).