



# Instructions for Form 1045

## Application for Tentative Refund

Section references are to the Internal Revenue Code unless otherwise noted.

### General Instructions

#### Purpose of Form

Form 1045 is used by an individual, estate, or trust to apply for a quick refund of taxes from:

- The carryback of a net operating loss (NOL) or an unused general business credit,
- An overpayment of tax due to a claim of right adjustment under section 1341(b)(1), or
- A suspended research credit allowed for the current year.

**Waiving the carryback period.** Instead of first carrying back an NOL, you may elect to carry it forward. To make the election, attach a statement to your 1999 income tax return filed on or before the due date (including extensions) that you are electing to relinquish the entire carryback period under section 172(b)(1) with regard to any 1999 net operating losses. Also, if you filed your return timely without making that election, you may still make the election by filing an amended return within 6 months of the due date of the return (excluding extensions). Attach the election to the amended return and write "Filed pursuant to section 301.9100-2" on the election statement. File the amended return at the same address that you filed the original return. Once made, the election is irrevocable.

#### Definitions

**Eligible loss.** For an individual, an eligible loss is any loss of property arising from fire, storm, shipwreck, other casualty, or theft.

For a small business (as defined in section 172(b)(1)(F)(iii)) or a farming business (as defined in section 263A(e)(4)), an eligible loss is any loss attributable to Presidentially declared disasters (as defined in section 1033(h)(3)).

An eligible loss **does not** include a farming loss, unless you elect to treat the farming loss as if it were not a farming loss, as explained in the instructions for line 11 beginning on page 2.

**Farming loss.** A farming loss is the **smaller** of:

- The amount which would be the NOL for the tax year if **only** income and deductions attributable to farming businesses (as defined in section 263A(e)(4)) were taken into account, or
- The NOL for the tax year.

**Specified liability loss.** Generally, a specified liability loss is limited to a loss arising from:

- Product liability, or
- An act (or failure to act) that occurred at least 3 years before the beginning of the loss year and that resulted in a liability under a Federal or state law requiring:

1. The reclamation of land,

2. The dismantling of a drilling platform,
3. The remediation of environmental contamination, or
4. A payment under any workers compensation act.

Except for losses arising from product liability, a specified liability loss is available only to taxpayers that used an accrual method of accounting throughout the period in which the act (or failure to act) occurred. For more details, see section 172(f).

#### When To File

Generally, you must file Form 1045 within 1 year after the end of the year in which the NOL, unused credit, or claim of right adjustment arose.

**Exception.** For a suspended research credit allowed for the current year or any carryback of a suspended research credit, you **must** file Form 1045:

- **After** the end of the suspension period to which the credit relates (e.g., after September 30, 2000, for a credit attributable to the first suspension period), and
- **Before** the date that is 1 year after the end of that suspension period.



**Be sure to file your 1999 income tax return no later than the date you file Form 1045.**

If you carry back any portion of an NOL or an unused general business credit to tax years before the 3 years preceding the 1999 tax year, you may need to use additional Form(s) 1045. On any additional Form(s) 1045, skip Form 1045, lines 1 through 9, and Schedule A.

#### Where To File

File Form 1045 with the Internal Revenue Service Center for the place where you live as shown in the instructions for your 1999 income tax return.



**Do not mail Form 1045 with your 1999 income tax return.**

#### 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 1999 Form 1040, and Schedules A, D, and J (Form 1040), if applicable.
- All Schedules K-1 you received from partnerships, S corporations, estates, or trusts that contribute to the carryback.
- Any application for extension of time to file your 1999 income tax return.
- All **Forms 8271**, Investor Reporting of Tax Shelter Registration Number, attached to your 1999 income tax return.
- Any **Form 6765**, Credit for Increasing Research Activities, or **Form 3800**, General

Business Credit, used to figure any suspended research credit allowed for the current year.

- Any other form or schedule from which a carryback results, such as Schedule C or F (Form 1040), or Form 3800, Form 8586, etc.
- All forms or schedules for items figured in the carryback years, such as Form 6251 or Form 8586.

**Be sure to attach copies of all required forms listed above, and complete all lines on Form 1045 that apply to you. Otherwise, your application may be disallowed.**

#### Processing the Application

The IRS will process this application within 90 days from the **later** of:

- The date you file the complete application; or
- For an NOL or credit carryback, the last day of the month that includes the due date (including extensions) for filing your 1999 income tax return (or, for a claim of right adjustment, the date of the overpayment under section 1341(b)(1)).

Before processing certain cases involving abusive tax shelter promotions and before paying refunds, the IRS 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 Rev. Proc. 84-84, 1984-2 C.B. 782 and Rev. Rul. 84-175, 1984-2 C.B. 296.

The processing of Form 1045 and the payment of the refund requested does not mean the IRS has accepted this application as correct. If it is later determined from an examination of your tax return that the claimed deductions or credits are due to an overstatement of the value of property, negligence, disregard of rules, or substantial understatement of income tax, you may have to pay penalties. Any additional tax will also generate interest compounded daily.

We may need to contact you or your authorized representative (e.g., your accountant or tax return preparer) for more information so we can process your application. If you want to designate a representative for us to contact, attach a copy of your authorization to Form 1045. For this purpose, you may use **Form 2848**, Power of Attorney and Declaration of Representative.

#### Disallowance of the Application

This application for a tentative refund is not treated as 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 below under **Form 1040X or Other Amended Return**.

## Excessive 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.

## Form 1040X or Other Amended Return

Individuals can get a refund by filing **Form 1040X**, Amended U.S. Individual Income Tax Return, instead of Form 1045. An estate or trust may file an amended **Form 1041**, U.S. Income Tax Return for Estates and Trusts. Generally, you must file an amended return no later than 3 years after the due date of the return for the applicable tax year.

If you use Form 1040X or other amended return, follow the instructions for that return. Attach a computation of your NOL on Schedule A of Form 1045 and, if applicable, your NOL carryover on Schedule B of Form 1045. Complete a separate Form 1040X or other amended return for each year for which you request an adjustment.

The procedures for Form 1040X differ from those for Form 1045. The IRS is not required to process your Form 1040X within 90 days. However, if we do not process it within 6 months from the date you file it, you may file suit in court. If we disallow your claim on Form 1040X, you must file suit no later than 2 years after the date we disallow it.

## Additional Information

For more details on NOLs, see **Pub. 536**, Net Operating Losses.

## Specific Instructions

### Address

**P.O. box.** Enter your box number only if your post office does not deliver mail to your street address.

**Foreign address.** If your address is outside the United States or its possessions or territories, enter the information on the line for "City, town or post office, state, and ZIP code" in the following order: city, province or state, and country. Follow the country's practice for entering the postal code. Please **do not** abbreviate the country name.

### Line 1b—Unused General Business Credit

If you claim a tentative refund based on the carryback of an unused general business 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 Form 3800 (or Form 8844, if applicable) 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. See the instructions for Form 3800.

### Line 9

If an NOL carryback eliminates or reduces a prior year foreign tax credit, you cannot use Form 1045 to carry the released foreign tax credits to earlier years. Also, if the released foreign tax credits cause the release of general business credits, you cannot use Form 1045 to carry the released general business credits to earlier years. Instead, file Form 1040X or other amended return to claim refunds for those years. For details, see Rev. Rul. 82-154, 1982-2 C.B. 394.

### Lines 10 Through 28—Computation of Decrease in Tax

Use one column to enter amounts before and after carryback for each year to which the loss is being carried. Start with the earliest carryback year. See the instructions for line 11 beginning on this page to figure the tax years to which you may carry the NOL. Use the remaining columns for each consecutive preceding tax year until the loss is fully absorbed. Enter the ordinal number of years the loss is being carried back and the date the carryback year ends in the spaces provided above line 10 (see **Example** below).

**Example.** Your tax year is the 1999 calendar year and you are carrying an NOL back 2 years. Enter "2nd" and "12/31/97" in the left column in the spaces provided. After you make your entries, the column reads "2nd preceding tax year ended 12/31/97."

Enter in the columns labeled "Before carryback" the amounts for the carryback year as shown on your original or amended return. If the amounts were previously adjusted by you or the IRS, enter the amounts as adjusted.

**Computation of income, deductions, and credits when the NOL is fully absorbed.** In refiguring your tax for the year to which the NOL is carried and fully absorbed, any income, deductions, and credits based on, or limited to, a percentage of your adjusted gross income generally must be refigured on the basis of your adjusted gross income determined after you apply the NOL carryback. This includes:

- The special allowance for passive activity losses from rental real estate activities.
- Taxable social security benefits.
- IRA deductions.
- Student loan interest deduction.
- Excludable savings bond interest.
- The exclusion of amounts received under an employer's adoption assistance program.
- Medical expenses.
- Personal casualty and theft losses.
- Miscellaneous deductions subject to the 2% limit.
- Itemized deductions subject to the overall limit of section 68.
- The phaseout of the deduction for personal exemptions.
- The credit for child and dependent care expenses.
- The credit for the elderly or the disabled.
- The education credits.
- The child tax credit.
- The adoption credit.
- The District of Columbia first-time homebuyer credit.

However, figure your charitable contributions deduction without regard to any NOL carryback.

Any credits based on or limited by the tax must be refigured using the tax liability as determined after you apply the NOL carryback.

See Pub. 536 for more information and examples.

### Line 11—Net Operating Loss Deduction After Carryback

See the rules below to figure the tax years to which you may carry the NOL shown on Schedule A, line 27. For an NOL that is not fully absorbed in the earliest year to which it is carried, complete Schedule B to figure the amount to carry to the next carryback year.

**General rule.** You must generally carry the entire NOL back to the 2nd tax year before the loss. Any loss not used in the 2nd year is then carried to the 1st preceding year. Any loss not applied in the 2 preceding years can be carried forward up to 20 years.

**Eligible losses.** Any portion of an NOL that is an **eligible loss** (defined on page 1) is carried 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. Any eligible loss not applied in the 3 preceding years can be carried forward up to 20 years.

Only the eligible loss portion of the NOL may be carried back 3 years.

**Example.** You have a \$20,000 NOL of which only \$5,000 is an eligible loss. The \$5,000 eligible loss is carried back 3 years, but the remaining \$15,000 loss is carried back only 2 years, even if you have modified taxable income of more than \$5,000 in the 3rd preceding year.

**Farming losses.** To the extent an NOL is a **farming loss** (defined on page 1), it is carried back to the 5th tax year before the year of the loss. Any farming loss not used in the 5th year is carried to the 4th, and then applied consecutively forward to the 1st preceding year. Any farming loss not applied in the 5 preceding years can be carried forward up to 20 years.

**Note:** You may need two Forms 1045 to carry back a farming loss. Fill in Form 1045, lines 1 through 9, and Schedule A on only one Form 1045. Use this Form 1045 for the earliest preceding tax years. You must sign this Form 1045, but you do not need to sign the other Form 1045.

Only the farming loss portion of the NOL may be carried back 5 years.

**Example.** You operate a farming business and incur an NOL of \$50,000 for 1999. The NOL would be \$25,000 if only income and deductions attributable to your farming business were taken into account; \$10,000 is attributable to a fire in your personal residence; and the remaining \$15,000 is attributable to your spouse's work as an employee. The \$25,000 farming loss is carried back 5 years; the \$10,000 eligible loss is carried back 3 years; and the remaining \$15,000 loss is carried back 2 years. Any unused portion of this NOL can be carried forward up to 20 years.

You may elect to treat a farming loss as if it were not a farming loss. If you make this election, the loss carryback period will be 2 years (3 years if the loss is an eligible loss). To make the election, attach a statement to your 1999 income tax return filed on or before the due date (including extensions) that you are

electing to treat any 1999 farming losses as if they were not farming losses. If you filed your return timely without making that election, you may still make the election by filing an amended return within 6 months of the due date of the return (excluding extensions).

Attach the election to the amended return and write "Filed pursuant to section 301.9100-2" on the election statement. File the amended return at the same address that you filed the original return. Once made, the election is irrevocable.

**Specified liability losses.** Any portion of an NOL that is a **specified liability loss** (defined on page 1) is carried back to the 10th tax year before the year of the loss. Any loss not used in the 10th year is carried to the 9th, and then applied consecutively forward to the 1st preceding tax year. Any specified liability loss that is not applied in the 10 preceding tax years can be carried forward up to 20 years.

**Note:** You may need up to four Forms 1045 to carry back a specified liability loss. Fill in Form 1045, lines 1 through 9, and Schedule A on only one Form 1045. Use this Form 1045 for the earliest preceding tax years. You must sign this Form 1045, but you do not need to sign any of the other Form(s) 1045.

Only the specified liability loss portion of the NOL may be carried back 10 years.

You may elect to treat a specified liability loss as if it were not a specified liability loss. If you make this election, the loss carryback period will be 2 years (3 years if the loss is an eligible loss; 5 years if the loss is a farming loss). To make the election, attach a statement to your 1999 income tax return filed on or before the due date (including extensions) that you are electing to treat any 1999 specified liability losses as if they were not specified liability losses. If you filed your return timely without making that election, you may still make the election by filing an amended return within 6 months of the due date of the return (excluding extensions). Attach the election to the amended return and write "Filed pursuant to section 301.9100-2" on the election statement. File the amended return at the same address that you filed the original return. Once made, the election is irrevocable.

**Special rules.** Special rules apply if you filed a joint return (or a separate return) for some, but not all of the tax years involved in figuring the NOL carryback. See Pub. 536. Attach a computation showing how you figured the carryback.

## Line 13—Deductions

**Individuals.** Enter in the column labeled "Before carryback" for each applicable carryback year the amount shown on, or as previously adjusted for, Form 1040, line 34 (line 35 for 1997; line 36 for 1998).

If you filed Form 1040A, enter the amount shown on, or as previously adjusted for, line 19 (line 16 for 1989; line 21 for 1998).

If you filed Form 1040-T for 1995, enter the amount shown on, or as previously adjusted for, line 20.

If you filed Form 1040EZ and checked the "Yes" box on Form 1040EZ, line 5 (line 4 for 1989-92 and 1994), enter the amount shown on, or as previously adjusted for, line E of the worksheet on the back of Form 1040EZ. If you checked the "No" box, enter:

- \$4,250 for 1998 (\$7,100 if married),
- \$4,150 for 1997 (\$6,900 if married),

- \$4,000 for 1996 (\$6,700 if married),
- \$3,900 for 1995 (\$6,550 if married),
- \$3,800 for 1994 (\$6,350 if married),
- \$3,700 for 1993 (\$6,200 if married),
- \$3,600 for 1992,
- \$3,400 for 1991,
- \$3,250 for 1990,
- \$3,100 for 1989.

If you used TeleFile for your original return and someone else could claim you as a dependent on their return, first get Form 1040EZ for the year in question. Next, complete the worksheet on the back of that form. Then, enter the amount from line E of the worksheet on Form 1045 in the column labeled "Before carryback" for the appropriate year. If no one could claim you as a dependent, enter the amount listed above for that year.

## Line 15—Exemptions

**Individuals.** Enter in the column labeled "Before carryback" for each applicable carryback year the amount shown on, or as previously adjusted for, Form 1040, line 36 (line 37 for 1997; line 38 for 1998).

If you filed Form 1040A, enter the amount shown on, or as previously adjusted for, line 21 (line 18 for 1989; line 23 for 1998).

If you filed Form 1040-T for 1995, enter the amount shown on, or as previously adjusted for, line 24.

If you filed Form 1040EZ and checked the "Yes" box on Form 1040EZ, line 5 (line 4 for 1989-92 and 1994), enter zero (or the amount from line F of the 1040EZ worksheet if married). If you checked the "No" box, enter:

- \$2,700 for 1998 (\$5,400 if married),
- \$2,650 for 1997 (\$5,300 if married),
- \$2,550 for 1996 (\$5,100 if married),
- \$2,500 for 1995 (\$5,000 if married),
- \$2,450 for 1994 (\$4,900 if married),
- \$2,350 for 1993 (\$4,700 if married),
- \$2,300 for 1992,
- \$2,150 for 1991,
- \$2,050 for 1990,
- \$2,000 for 1989.

If you used TeleFile for your original return and someone else could claim you as a dependent on their return, enter zero if you were single. However, if you were married, first get Form 1040EZ for the year in question. Next, complete the worksheet on the back of that form. Then, enter the amount from line F of the worksheet. If no one could claim you as a dependent, enter the amount listed above for that year.

**Estates and trusts.** Enter in the columns labeled "Before carryback" and "After carryback" for each applicable carryback year the amount shown on, or as previously adjusted for, Form 1041, line 20 (line 21 for 1997).

## Line 17—Income Tax

Refigure your tax for each carryback year after taking into account the NOL carryback. Include any tax from Forms 4970 and 4972. Attach an explanation of the method used to figure your tax and, if necessary, a detailed computation.

For example, write "Tax Rate Schedule—1997" if that is the method used for that year. You do not need to attach a detailed computation of the tax in this case.

## Line 18—General Business Credit

Enter in the column labeled "After carryback" for each affected carryback year the total of the recomputed general business credits using Form 3800 or 8844.

If an NOL carryback eliminates or reduces a general business credit in an earlier year, you may be able to carry back the released credit 1 year (3 years if the credit arose in a tax year beginning before 1998). See section 39 and the instructions for Form 3800 for more details on general business credit carrybacks.



For a carryback of a suspended research credit, see **When To File** on page 1.

## Line 19—Other Credits

See your tax return for the carryback year for any additional credits such as the earned income credit, credit for child and dependent care expenses, child tax credit, education credits, foreign tax credit, etc., that will apply in that year. If there is an entry on this line, identify the credit(s) claimed.

## Line 22—Recapture Taxes

**Individuals.** Enter the recapture taxes included on your 1998 Form 1040, line 56 (line 53 for 1997; line 51 for 1996) or shown on line 49 of your 1991-95 Form 1040 (line 50 for 1989-90).

**Estates and trusts.** Enter the recapture taxes shown on Schedule G (Form 1041), line 5.

## Line 23—Alternative Minimum Tax

The carryback of an NOL may affect your alternative minimum tax. Individuals use Form 6251 to figure this tax. Estates and trusts use Schedule I (Form 1041) (Schedule H for 1992-94; Form 8656 for 1989-91).

## Line 24—Self-Employment Tax

**Do not** adjust the self-employment tax because of any carryback.

## Line 25—Other Taxes

See your tax return for the carryback year for any other taxes not mentioned above, such as tax on an IRA, that will apply in that year. If there is an entry on this line, identify the taxes that apply.

## Line 29—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).

## Line 30—Suspended Research Credit Allowed for Current Year

Enter the suspended research credit allowed for the current year that is attributable to the suspension period for which you are filing this Form 1045. See the instructions for line 57 of Form 6765. If you have a fiscal year beginning in 1999 that includes more than one suspension period, you must file a separate

Form 1045 for each suspension period included in that year.



See **When To File** on page 1.

## Signature

**Individuals.** Sign and date Form 1045. If Form 1045 is filed jointly, both spouses must sign.

**Estates.** All executors or administrators must sign and date Form 1045.

**Trusts.** The fiduciary or an authorized representative must sign and date Form 1045.

## Schedule A—Net Operating Loss (NOL)

Complete and file this schedule to determine the amount of your NOL that is available for carryback or carryover.

### Line 9—Nonbusiness Deductions

These are deductions that are **not** connected with a trade or business. They include the following:

- IRA deduction.
- Deduction for payments on behalf of a self-employed individual to a Keogh retirement plan, a simplified employee pension (SEP) plan, or a SIMPLE plan.
- Alimony.
- Itemized deductions are usually nonbusiness, except for casualty and theft losses, and any employee business expenses.
- Standard deduction.

**Do not** enter **business** deductions on line 9. These are deductions that **are** connected with a trade or business. They include the following:

- State income tax on business profits.
- Moving expenses.
- Deduction for one-half of self-employment tax.
- Rental losses.
- Loss on the sale or exchange of business real estate or depreciable property.
- Your share of a business loss from a partnership or an S corporation.
- Ordinary loss on the sale or exchange of section 1244 (small business) stock.
- Ordinary loss on the sale or exchange of stock in a small business investment company operating under the Small Business Investment Act of 1958.
- Loss from the sale of accounts receivable if such accounts arose under the accrual method of accounting.
- If you itemized your deductions, casualty and theft losses are business deductions even if they involve nonbusiness property. Employee business expenses such as union dues, uniforms, tools, and educational expenses are also business deductions.

### Line 10—Nonbusiness Income Other Than Capital Gains

This is income that is **not** from a trade or business. Examples are dividends, annuities, and interest on investments.

**Do not** enter **business** income on line 10. This is income from a trade or business and includes the following:

- Salaries and wages.
- Rental income.

• Gain on the sale or exchange of business real estate or depreciable property.

• Your share of business income from a partnership or an S corporation.

For more details on business and nonbusiness income and deductions, see Pub. 536.

### Line 20—Section 1202 Exclusion

Enter as a positive number any gain excluded under section 1202 on the sale or exchange of qualified small business stock.

## Schedule B—Net Operating Loss Carryover

Complete and file this schedule to determine your NOL deduction for each carryback year and the amount to be carried forward if not fully absorbed.

If your NOL is more than the modified taxable income of the earliest year to which it is carried, you must file Schedule B to figure the amount of the NOL that is to be carried to the next tax year. The amount of the carryover is the excess, if any, of the NOL carryback over the modified taxable income of that earlier year. **Modified taxable income** is the amount figured on line 8 of Schedule B.



*If you carry two or more NOLs to a tax year, you must deduct them, when figuring modified taxable income, in the order in which they were incurred. First, deduct the NOL from the earliest year, then the NOL from the next earliest year, and so on. After you deduct each NOL, there will be a new, lower total for modified taxable income to compare with any remaining NOL.*

Make the same entries for each column heading as you did on page 1 of Form 1045 (see the instructions for lines 10 through 28 on page 2).

### Line 2

The NOL carryback from the 1999 tax year or any later tax year is not allowed. However, NOLs otherwise allowable as carrybacks or carryovers, occurring in tax years before 1999, are taken into account in figuring the modified taxable income for the earlier year.

**Note:** *If your taxable income is shown as zero on the tax return (or as previously adjusted) for any carryback year, refigure it without limiting the result to zero, and enter it on line 2 as a negative number.*

### Line 3—Net Capital Loss Deduction

**Individuals.** Enter as a positive number the amount, if any, shown on, or as previously adjusted for, Schedule D (Form 1040), line 18 (line 19 for 1989-90 and 1993-96; line 20 for 1992).

**Estates and trusts.** Enter as a positive number the amount, if any, shown on, or as previously adjusted for, Schedule D (Form 1041), line 17 (line 18 for 1989-96).

### Line 4—Section 1202 Exclusion

Enter as a positive number any gain excluded under section 1202 on the sale or exchange of qualified small business stock.

### Line 5—Adjustments to Adjusted Gross Income

If you entered an amount on line 3 or line 4, you must refigure certain income and

deductions based on adjusted gross income. These are:

- The special allowance for passive activity losses from rental real estate activities.
- Taxable social security benefits.
- IRA deductions.
- Excludable savings bond interest.
- The exclusion of amounts received under an employer's adoption assistance program.
- Student loan interest deduction.

For purposes of figuring the adjustment to each of these items, your adjusted gross income is increased by the total of the amounts on line 3 and line 4. Do not take into account any NOL carryback from 1999 or later.

Generally, figure the adjustment to each item of income or deduction in the order listed above and, when figuring the adjustment to each subsequent item, increase or decrease adjusted gross income by the total adjustments you figured for the previous items. However, a special rule applies if you received social security benefits **and** deducted IRA contributions. Use the worksheets in **Pub. 590**, Individual Retirement Arrangements (IRAs), to refigure your taxable social security benefits and IRA deductions under the special rule.

Enter on line 5 the total adjustments made to the listed items. Attach a computation showing how the adjustments were figured.

### Line 6—Adjustment to Itemized Deductions

**Individuals.** Skip this line if, for the applicable carryback year:

1. You did not itemize deductions, **or**
2. The amounts on Schedule B, line 3 **and** line 4 are zero.

Otherwise, complete lines 10 through 34 and enter on line 6 the amount from:

- Line 34, **or**
- Line 12 of the worksheet on page 6, whichever applies.

**Estates and trusts.** Recompute the miscellaneous itemized deductions deducted on, or as previously adjusted for, Form 1041, line 15b, and any casualty or theft losses claimed on, or as previously adjusted for, Form 4684, line 18, by substituting modified adjusted gross income (see below) for the adjusted gross income of the estate or trust. Subtract the recomputed deductions and losses from the deductions and losses previously claimed, and enter the difference on line 6.

**Modified adjusted gross income for estates and trusts.** For purposes of figuring miscellaneous itemized deductions subject to the 2% limit, modified adjusted gross income is figured by adding the following amounts to the adjusted gross income previously used to figure these deductions:

1. The total of the amounts from lines 3 through 5 of Form 1045, Schedule B,
2. The exemption amount shown on, or as previously adjusted for, Form 1041, line 20 (line 21 for 1997), and
3. The income distribution deduction shown on, or as previously adjusted for, Form 1041, line 18.

For purposes of figuring casualty or theft losses, modified adjusted gross income is figured by adding the total of the amounts from lines 3 through 5 of Form 1045, Schedule B, to the adjusted gross income previously used to figure these losses.

### Line 9—Net Operating Loss Carryover

After completing all applicable columns, carry forward to 2000 the amount, if any, on line 9 of the column for the 1st preceding tax year.

### Line 22—Refigured Charitable Contributions

Refigure your charitable contributions using line 20 as your adjusted gross income **unless**, for any preceding tax year:

- You entered an amount other than zero on line 19, **and**
- You had any items of income or deductions based on adjusted gross income listed in the instructions for line 5 of Schedule B on page 4.

If you cannot use the amount from line 20 as your adjusted gross income, figure your adjusted gross income as follows:

1. Figure the adjustment to each item that affects, and is based on, adjusted gross income in the same manner as explained in the instructions for line 5 of Schedule B on page 4, **except** do not take into account **any** NOL carrybacks when figuring adjusted gross income. Attach a computation showing how the adjustments were figured.

2. Add lines 3, 4, 10, and 19 of Schedule B to the total adjustments you figured in 1 above. Use the result as your adjusted gross income for refiguring charitable contributions.

For NOL carryover purposes, you must reduce any charitable contributions carryover to the extent your NOL carryover on line 9 is increased by any adjustment to charitable contributions.

### Line 34

Complete the worksheet on page 6 if line 18, Schedule B, is more than:

- \$100,000 for 1991 (\$50,000 if married filing separately);

- \$105,250 for 1992 (\$52,625 if married filing separately);
- \$108,450 for 1993 (\$54,225 if married filing separately);
- \$111,800 for 1994 (\$55,900 if married filing separately);
- \$114,700 for 1995 (\$57,350 if married filing separately);
- \$117,950 for 1996 (\$58,975 if married filing separately);
- \$121,200 for 1997 (\$60,600 if married filing separately); **or**
- \$124,500 for 1998 (\$62,250 if married filing separately).

Complete only the column(s) for the year(s) that meet the above requirements.

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**Privacy Act and Paperwork Reduction Act Notice.** We ask for the information on this form to carry out the Internal Revenue laws of the United States. You may use Form 1045 to apply under section 6411 for a quick refund of tax for a prior year affected by certain carrybacks. If you file Form 1045, you are required to give us the requested information. We need it to ensure that you are complying with these laws and to allow us to figure and collect the right amount of tax. Section 6109 requires that you disclose your taxpayer identification number (SSN, ITIN, or EIN). If you do not provide the information requested, we may be unable to process this application.

You are not required to provide the information requested on a form that is subject to the Paperwork Reduction Act unless the form displays a valid OMB control number. Books or records relating to a form or its instructions must be retained as long as their contents may become material in the administration of any Internal Revenue law.

Generally, tax returns and return information are confidential, as stated in

section 6103. However, section 6103 allows or requires the Internal Revenue Service to disclose or give the information shown on your tax return to others as described in the Internal Revenue Code. For example, we may disclose your tax information to the Department of Justice, to enforce the tax laws, both civil and criminal, and to cities, states, the District of Columbia, U.S. commonwealths or possessions, and certain foreign governments to carry out their tax laws. We may disclose your tax information to the Department of Treasury and contractors for tax administration purposes; and to other persons as necessary to obtain information which we cannot get in any other way in order to determine the amount of or to collect the tax you owe. We may disclose your tax information to the Comptroller General of the United States to permit the Comptroller General to review the Internal Revenue Service. We may also disclose your tax information to Committees of Congress; Federal, state, and local child support agencies; and to other Federal agencies for the purposes of determining entitlement for benefits or the eligibility for and the repayment of loans.

The time needed to complete and file this form will vary depending on individual circumstances. The estimated average time is: **Recordkeeping**, 26 min.; **Learning about the law or the form**, 47 min.; **Preparing the form**, 7 hr., 53 min.; and **Copying, assembling, and sending the form to the IRS**, 1hr., 3 min.

If you have comments concerning the accuracy of these time estimates or suggestions for making this form simpler, we would be happy to hear from you. You can write to the Tax Forms Committee, Western Area Distribution Center, Rancho Cordova, CA 95743-0001.

**DO NOT** send the form to this address. Instead, see **Where To File** on page 1.

