General Instructions

Purpose of Form
Form 1045 is used by an individual, estate, or trust to apply for a quick tax refund resulting from:
- The carryback of an NOL.
- The carryback of an unused general business credit.
- The carryback of a net section 1256 contracts loss, or
- An overpayment of tax due to a claim of right adjustment under section 1341(b)(1).

Waiving the carryback period.
You can elect to carry an NOL forward only, instead of first carrying it back. To make this election for an NOL incurred in your 2004 tax year, attach to your 2004 tax return filed on or before the due date (including extensions) a statement that you are electing under section 172(b)(3) to relinquish the entire carryback period for any 2004 NOL. If you file your return on time without making the election, you can still make the election on an amended return filed 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 you used for your 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)), an eligible loss is any loss attributable to a Presidentially declared disaster (as defined in section 1033(h)(3)).

A farming loss is not an eligible loss.

Farming loss.
A farming loss is the smaller of:
- The amount that 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 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 resulted in a liability under a federal or state law requiring:
  1. Reclamation of land,
  2. Dismantling of a drilling platform,
  3. Remediation of environmental contamination, or
  4. Payment under any workers compensation act.

Any loss from a liability arising from (1) through (4) above can be taken into account as a specified liability loss only if you used an accrual method of accounting throughout the period in which the act (or failure to act) occurred. For details, see section 172(f).

When To File
You must file Form 1045 within 1 year after the end of the year in which an NOL, unused credit, a net section 1256 contracts loss, or claim of right adjustment arose.

Be sure to file your 2004 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 2004 tax year, you may need to use additional Forms 1045. Complete lines 1 through 9 and Schedule A on only one Form 1045. Use this Form 1045 for the earliest preceding tax year. You must sign this Form 1045, but do not need to sign the other Forms 1045.

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 2004 income tax return.

Do not include Form 1045 in the same envelope as your 2004 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 2004 Form 1040 and Schedules A, D, and J (Form 1040), if applicable,
- Any Form 4952, Investment Interest Expense Deduction, attached to your 2004 income tax return,
- All Schedules K-1 (Form 1065), Partners’s Share of Income, Credits, Deductions, etc., you received from partnerships, S corporations, estates, or trusts that contribute to the carryback,
- Any application for extension of time to file your 2004 income tax return,
- All Forms 8271, Investor Reporting of Tax Shelter Registration Number, attached to your 2004 income tax return,
- All Forms 8886, Reportable Transaction Disclosure Statement, attached to your 2004 income tax return,
- Forms 8302, Electronic Deposit of Tax Refund of $1 Million or More,
- All other forms and schedules from which a carryback results, such as Schedule C or F (Form 1040), Form 3920, General Business Credit, Form 6781, Gains and Losses From Section 1256 Contracts and Straddles, or Form 8586, Low-Income Housing Credit, and
- All forms or schedules for items refigured in the carryback years, such as Form 3800, Form 6251, Alternative Minimum Tax—Individuals, Form 6781, Form 8586, Form 8844, Empowerment Zone and Renewal Community Employment

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Credit, or Form 8884, New York Liberty Zone Business Employee Credit.

You must 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 your application within 90 days from the later of:

- The date you file the complete application, or
- The last day of the month that includes the due date (including extensions) for filing your 2004 income tax return (or, for a claim of right adjustment, the date of the overpayment under section 1341(b)(1)).

The processing of Form 1045 and the payment of the requested refund does not mean the IRS has accepted your application as correct. If the IRS later determines 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 also will generate interest compounded daily.

The IRS may need to contact you or your authorized representative (for example, 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 can use Form 2848, Power of Attorney and Declaration of Representative.

Disallowance of the Application

Your application is not treated as a claim for credit or refund. It may be disallowed if it has material omissions or math errors that are not corrected within the 90-day period. If the application is disallowed in whole or in part, no suit challenging the disallowance can be brought in any court. But you can 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 can 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 to the amended return a copy of Schedule A of Form 1045 showing the computation of the NOL and, if applicable, a copy of Schedule B of Form 1045 showing the computation of the NOL carryover. Complete a separate Form 1040X or other amended return for each year for which you request an adjustment.

The procedures for Form 1040X and Form 1045 are different. 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 can file suit in court. If the IRS disallows your claim on Form 1040X and you disagree with that determination, 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 (NOLs) for Individuals, Estates, and Trusts.

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. Enter the information in the following order: City, province or state, and country. Follow the country’s practice for entering the postal code. 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 or Form 8884, 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 to figuring the carryback. See the instructions for Form 3800.

Line 1c—Net Section 1256 Contracts Loss

An individual can elect to carry back a net section 1256 contracts loss to each of the 3 tax years preceding the loss year. An estate or trust is not eligible to make this election. To make the election, check box D at the top of Form 6781. The amount which can be used in any prior tax year cannot exceed the net section 1256 contract gain in that year and cannot increase or create an NOL for that year. Reflect the carryback as a reduction to your adjusted gross income in the “After carryback” column on line 10. Attach to Form 1045 a copy of Form 6781 and Schedule D (Form 1040) for the year of the net section 1256 contracts loss and an amended Form 6781 and an amended Schedule D (Form 1040) for each carryback year. For more details, see section 1212(c).

Line 9

If an NOL or net section 1256 contracts loss 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 result in the release of general business credits, you cannot use Form 1045 to carry the released general business credits to earlier years. Instead, you must 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.

Line 10 Through 27—Computation of Decrease in Tax

Use one pair of columns to enter amounts before and after carryback for each year to which the loss is being carried. Start with the earliest carryback year. A net section 1256 contracts loss can be carried back 3

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years. See the instructions for line 10 on this page to figure the tax years to which you can carry an NOL. Use the remaining pairs of columns for each consecutive preceding tax year until the loss is fully absorbed. Enter the ordinal number of years the loss is being back carried and the date the back carryback year ends in the spaces provided in the headings above line 10 for each pair of columns.

**Example.** Your tax year is the 2004 calendar year and you are carrying an NOL back 2 years. You enter “2nd” and “12/31/02” in the left column heading in the spaces provided. The column heading now reads “2nd preceding tax year ended 12/31/02.”

For each carryback year, enter in the column 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 after adjustment.

**Line 10—NOL Deduction After Carryback**

Use the following rules to figure the tax years to which you must carry an NOL shown on Schedule A, line 24. If an NOL is not fully absorbed in a year to which it is carried, complete Schedule B to figure the amount to carry to the next carryback year. You may need to use additional Forms 1045 to carry back an NOL. Complete 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 do not need to sign the other Forms 1045.

**General rule.** You generally must carry back an NOL to the 2nd tax year before the loss year. Any loss not used in the 2nd preceding 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. The 2-year carryback period does not apply to the portion of an NOL attributable to an eligible loss, a farming loss, or a specified liability loss.

**Eligible losses.** To the extent the NOL is an eligible loss (defined on page 1), it is carried back to the 3rd tax year before the loss. Any loss not used in that year is carried to the 2nd and then the 1st preceding year. Any such loss that is not applied in the 3 preceding years can be carried forward up to 20 years.

Only the eligible loss portion of the NOL can 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, although you had modified taxable income of more than $5,000 in the 3rd preceding year.

**Farming losses.** To the extent the NOL is a farming loss (defined on page 1), that part of the loss is carried back to the 5th tax year before the loss. Any such loss not used in that year is carried to the 4th preceding year and then applied consecutively forward through the 1st preceding year. Any such loss not applied in the 5 preceding years can be carried forward up to 20 years. Only the farming loss portion of the NOL can be carried back 5 years. **Example.** You operate a farming business and incur an NOL of $50,000 for 2004. $25,000 of the NOL is attributable to income and deductions of your farming business; $10,000 is attributable to a fire in your personal residence (an eligible loss); 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.

For a farming loss, you can elect a loss carryback period of 2 years instead of 5 years. To make this election for 2004, attach to your 2004 income tax return filed by the due date (including extensions) a statement that you are electing a 2 year carryback period for any 2004 farming losses. If you filed your original return on time, you can make the election on an amended return filed within 6 months after 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 you used for your 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 an NOL carryback. For details, see Pub. 536. Attach a computation showing how you figured the carryback.

**Line 11—Adjusted Gross Income**

Enter in the column labeled “Before carryback” your adjusted gross income (AGI) for the carryback year as shown on your original or amended return. Enter in the column labeled “After carryback” your adjusted gross income refigured after you apply the NOL or net 1256 contracts loss carryback.

To refigure your adjusted gross income for the year in which an NOL is fully absorbed or a net section 1256 contracts loss is carried back, refigure any items of income and any deductions that are based on or limited to a percentage of your adjusted gross income. Amounts to refigure include:

- The special allowance for passive activity losses from rental real estate activities,
- Taxable social security benefits,
- IRA deductions,
line deductions, and the exclusion of amounts received under an employer’s adoption assistance program.

**Line 12—Deductions**

**Individuals.** Enter in the column labeled “Before carryback” for each applicable carryback year the amount shown (or as previously adjusted) on Form 1040:
- Line 37 for 2003,
- Line 38 for 2002,
- Line 36 for 1998–2001,
- Line 35 for 1997, or

If you filed Form 1040A, enter the amount shown (or as previously adjusted) on:
- Line 24 for 2002–2003,
- Line 22 for 2000–2001,
- Line 21 for 1998–1999, or

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

If you filed Form 1040EZ and checked the “Yes” box on Form 1040EZ, line 5 (line 4 for 1994), enter the amount shown (or as previously adjusted) on line E of the worksheet on the back of Form 1040EZ. If you checked the “No” box, enter:
- $3,750 for 2003 ($7,500 if married),
- $4,700 for 2002 ($7,850 if married),
- $4,550 for 2001 ($7,600 if married),
- $4,400 for 2000 ($7,350 if married),
- $4,300 for 1999 ($7,200 if married),
- $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).

If you used TeleFile for your original return and someone else could claim you as a dependent on their return, see Form 1040EZ for the year in question and complete the worksheet on the back of that form. Next, enter the amount from line E of that worksheet on line 13 of Form 1045 in the column labeled “Before carryback” for the applicable year. If no one could claim you as a dependent, enter the amount listed above for that year.

**After carryback.** If you itemized deductions in the carryback year, enter in the column labeled “After carryback” the total of your deductions after refiguring any that are based on or limited to a percentage of your adjusted gross income. Use your adjusted gross income determined after you apply the NOL or net section 1256 contracts loss carryback. Amounts you may have to refigure include:
- Medical expenses,
- Personal casualty and theft losses,
- Excludable savings bond interest, and
- The exclusion of amounts received under an employer’s adoption assistance program.

**Line 14—Exemptions**

**Individuals.** Enter in the column labeled “Before carryback” for each applicable carryback year the amount shown (or as previously adjusted) on Form 1040:
- Line 39 for 2003,
- Line 40 for 2002,
- Line 38 for 1998-2001,
- Line 37 for 1997, or

If you filed Form 1040A, enter the amount shown (or as previously adjusted) on:
- Line 26 for 2002–2003,
- Line 24 for 2000–2001,
- Line 23 for 1998–1999, or

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

If you filed Form 1040EZ and checked the “Yes” box on Form 1040EZ, line 5 (line 4 for 1994), enter zero (or the amount from line F of the 1040EZ worksheet if married). If you checked the “No” box, enter:
- $3,000 for 2002 ($6,000 if married),
- $3,000 for 2000 ($5,000 if married),
- $3,000 for 1999 ($4,000 if married),
- $2,750 for 1998 ($3,500 if married),
- $2,700 for 1997 ($2,800 for 2000 and 2001),
- $2,650 for 1996 ($2,400 for 1998 and 1999),
- $2,500 for 1995 ($2,000 for 1997),
- $2,500 for 1994 ($1,500 if married),
- $2,450 for 1993 ($1,000 if married),
- $2,400 for 1992 ($500 if married),
- $2,350 for 1991 ($400 for 1993),
- $2,300 for 1990 ($350 for 1992),
- $2,250 for 1989 ($250 for 1991),
- $2,200 for 1988 ($150 if married),
- $2,150 for 1987 ($200 if married),
- $2,100 for 1986 ($100 if married),
- $2,050 for 1985 ($50 if married),
- $2,000 for 1984 ($50 if married),
- $1,950 for 1983 ($30 if married),
- $1,900 for 1982 ($20 if married),
- $1,850 for 1981 ($10 if married),
- $1,800 for 1980 ($5 if married),
- $1,750 for 1979 ($25 if married),
- $1,700 for 1978 ($10 if married),
- $1,650 for 1977 ($5 if married),
- $1,600 for 1976 ($5 if married),
- $1,550 for 1975 ($5 if married),
- $1,500 for 1974 ($5 if married),
- $1,450 for 1973 ($5 if married),
- $1,400 for 1972 ($5 if married),
- $1,350 for 1971 ($5 if married),
- $1,300 for 1970 ($5 if married),
- $1,250 for 1969 ($5 if married),
- $1,200 for 1968 ($5 if married),
- $1,150 for 1967 ($5 if married),
- $1,100 for 1966 ($5 if married),
- $1,050 for 1965 ($5 if married),
- $1,000 for 1964 ($5 if married),
- $950 for 1963 ($5 if married),
- $900 for 1962 ($5 if married),
- $850 for 1961 ($5 if married),
- $800 for 1960 ($5 if married),
- $750 for 1959 ($5 if married),
- $700 for 1958 ($5 if married),
- $650 for 1957 ($5 if married),
- $600 for 1956 ($5 if married),
- $550 for 1955 ($5 if married),
- $500 for 1954 ($5 if married),
- $450 for 1953 ($5 if married),
- $400 for 1952 ($5 if married),
- $350 for 1951 ($5 if married),
- $300 for 1950 ($5 if married),
- $250 for 1949 ($5 if married),
- $200 for 1948 ($5 if married),
- $150 for 1947 ($5 if married),
- $100 for 1946 ($5 if married),
- $50 for 1945 ($5 if married),
- $0 for 1944 ($5 if married).

If you used TeleFile for your original return and someone else could claim you as a dependent on their return, see Form 1040EZ for the year in question and complete the worksheet on the back of that form. Next, enter the amount shown (or as previously adjusted) on line 20. For example, write “Tax Rate Schedule—2002” if this is the method used for that year. You do not need to attach a detailed computation.

For example, write “Tax Rate Schedule—2002” if this is the method used for that year. You do not need to attach a detailed computation of the tax in this case.

**Line 17—Alternative Minimum Tax**

The carryback of an NOL or net section 1256 contracts loss 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 1994).

**Line 19—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, 8844, or 8884.

If an NOL or net section 1256 contracts loss 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.
Line 20—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, retirement savings contributions credit, etc., that will apply in that year. If you make an entry on this line, identify the credit(s) claimed.

After carryback. Refigure any credits included on this line that are based on or limited by your tax liability. Use your tax liability determined after you apply the NOL or net section 1256 contracts loss carryback.

For 2001, you also may have to refigure your rate reduction credit if your taxable income was reduced to less than $12,000.

Line 23—Self-Employment Tax
Do not adjust self-employment tax because of any carryback.

Line 24—Other Taxes
See your tax return for the carryback year for any other taxes not mentioned above, such as recapture taxes, tax on an IRA, etc., that will apply in that year. If you make an entry on this line, identify the taxes 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 showing the information required by Regulations section 5.6411-1(d).

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

Line 6—Nonbusiness Deductions
Enter as a positive number deductions that are not connected with a trade or business. They include:

• IRA deductions,
• Archer MSA deduction,
• Deductions for payments on behalf of a self-employed individual to a SEP, SIMPLE, or qualified plan,
• Alimony paid,
• Most itemized deductions (except for casualty and theft losses and any employee business expenses), and
• The standard deduction.

Loss from the sale of accounts receivable if such accounts arose under the accrual method of accounting, and
• If you itemized your deductions, casualty and theft losses (even if they involve nonbusiness property) and employee business expenses (such as union dues, uniforms, tools, and educational expenses).

Line 7—Nonbusiness Income Other Than Capital Gains
Enter income that is not from a trade or business. Examples are ordinary dividends, annuities, and interest on investments.

Do not enter business income on line 7. This is income from a trade or business and includes:

• Salaries and wages,
• Rental income,
• Gain on the sale or exchange of business real estate or depreciable property, and
• 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 17—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—NOL Carryover
Complete and file this schedule to determine the NOL deduction for each carryback year and the amount to be carried forward, if not fully absorbed.

If an NOL is more than the modified taxable income for the earliest year to which it is carried, you must file Schedule B to figure the amount of the NOL 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 for 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, figure your modified taxable income by deducting the NOLs in the order in which they were incurred. First, deduct the NOL from the earliest year, then the NOL from the next earliest year, etc. After you deduct each NOL, there will be a new, smaller modified taxable income to compare to any remaining NOL.

Make the same entries in each column heading as on page 1 of Form 1045 (see the instructions for lines 10 through 28 on page 3).

Line 2
Do not take into account on this line any NOL carryback from 2004 or later. However, do take into account NOLs that occurred in tax years before 2004 and are otherwise allowable as carrybacks or carryovers.

Note. If your taxable income is shown as zero on your tax return (or as previously adjusted) for any carryback year, refiure 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 (or as previously adjusted) on Schedule D (Form 1040), line 21 (line 18 for 1997–2003; line 19 for 1994–1996).

Estate and trusts. Enter as a positive number the amount, if any, shown (or as previously adjusted) on Schedule D (Form 1041), line 16 (line 17 for 1997–2003; line 18 for 1994–1996).

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 include:

- 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,
- The student loan interest deduction, and
- The tuition and fees 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 2004 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 you figured the adjustments.

Line 6—Adjustment to Itemized Deductions

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

- You did not itemize deductions, or
- 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, if applicable, line 12 of the worksheet on page 8).

Estates and trusts. Recompute the miscellaneous itemized deductions shown (or as previously adjusted) on Form 1041, line 15b, and any casualty or theft losses shown (or as previously adjusted) on Form 4845, Casualties and Thefts, 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 shown, 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, figure modified adjusted gross income by adding the following amounts to the adjusted gross income previously used to figure these deductions:

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

For purposes of figuring casualty or theft losses, figure modified adjusted gross income 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—NOL Carryover

After completing all applicable columns, carry forward to 2005 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 which are listed in the instructions for line 5 of Schedule B on page 6.

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 of income or deduction in the same manner as explained in the instructions for line 5 of Schedule B on page 66, except do not take into account any NOL carrybacks when figuring adjusted gross income. Attach a computation showing how you figured the adjustments.

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 to refigure charitable contributions.

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

Line 34

Complete the worksheet on page 8 if line 18, Schedule B, is more than:

- $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),
- $124,500 for 1998 ($62,250 if married filing separately),
- $126,600 for 1999 ($63,300 if married filing separately),
- $128,950 for 2000 ($64,475 if married filing separately),
- $132,950 for 2001 ($66,475 if married filing separately),
- $137,300 for 2002 ($68,650 if married filing separately), or
- $139,500 for 2003 ($69,750 if married filing separately)

Only complete a column for each year that meets the above requirements.

Disclosure, 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 for estate or trust status for 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 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. We may also disclose this information to other countries under a tax treaty, to federal and state agencies to enforce federal nontax criminal laws, or to federal law enforcement and intelligence agencies to combat terrorism.

The time needed to complete and file this form will vary depending on individual circumstances. The estimated average time is: Recordkeeping, 4 hr., 9 min.; Learning about the law or the form, 47 min.; Preparing the form, 6 hr., 28 min.; and Copying, assembling, and sending the form to the IRS, 1 hr., 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 Internal Revenue Service, Tax Products Coordinating Committee, SE:W:CAR:MP:T:T-SP, 1111 Constitution Ave., NW, Washington, DC 20224. Do not send the form to this address. Instead, see Where To File on page 1.
The type and rule above prints on all proofs including departmental reproduction proofs. MUST be removed before printing.

**Itemized Deductions Limitation Worksheet—See the instructions for line 34 on page 7 (keep for your records)**

<table>
<thead>
<tr>
<th>Step</th>
<th>Formula/Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Add the amounts from Form 1045, Schedule B, lines 16, 22, 27, and 32, and the amounts from Schedule A (Form 1040), lines 9, 14, and 27* (lines 9, 14, 27, and 28 for 1994) (or as previously adjusted).</td>
</tr>
<tr>
<td>2.</td>
<td>Add the amounts from Form 1045, Schedule B, lines 16 and 27; Schedule A (Form 1040), line 13*, and any gambling losses included on Schedule A (Form 1040), line 27* (line 28 for 1994) (or as previously adjusted).</td>
</tr>
<tr>
<td>3.</td>
<td>Subtract line 2 from line 1. If the result is zero or less, stop here; combine the amounts from Form 1045, Schedule B, lines 17, 23, 28, and 33, and enter the result on line 34 and line 6 of Form 1045, Schedule B.</td>
</tr>
<tr>
<td>4.</td>
<td>Multiply line 3 by 80% (.80).</td>
</tr>
<tr>
<td>5.</td>
<td>Enter the amount from Form 1045, Schedule B, line 18.</td>
</tr>
</tbody>
</table>
| 6.   | Enter:  
|      | ● $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);  
|      | ● $124,550 for 1998 ($62,250 if married filing separately);  
|      | ● $126,600 for 1999 ($63,300 if married filing separately);  
|      | ● $128,950 for 2000 ($64,475 if married filing separately);  
|      | ● $132,950 for 2001 ($66,475 if married filing separately);  
|      | ● $137,300 for 2002 ($68,650 if married filing separately);  
|      | ● $139,500 for 2003 ($69,750 if married filing separately);  
| 7.   | Subtract line 6 from line 5. |
| 8.   | Multiply line 7 by 3% (.03). |
| 9.   | Enter the smaller of line 4 or line 8. |
| 10.  | Subtract line 9 from line 1. |
| 11.  | Total itemized deductions from Schedule A (Form 1040), line 26* (line 29 for 1994) (or as previously adjusted). |
| 12.  | Subtract line 10 from line 11. Enter the difference here and on line 6 of Form 1045, Schedule B. |

* If you filed Form 1040-T in 1995, use the amounts from the appropriate lines.