**Net Operating Losses**

Our economy is in dire straits. Businesses are failing. For the first time after years of profit; individuals, flow-through entities, and corporations are experiencing loss years.

The computing and reporting of net operating losses can be very complex. Taxpayers can make elections to either carry back their losses or to carry them forward to future years. Before they decide, they need answers to some questions:

1. What is the carryback period, and will there be a tax savings?
2. Is there a tax benefit to carrying the losses forward to more profitable future years?
3. Should losses be claimed on a Form 1045 or an amended return?
4. What adjustments must be made in order to calculate the allowable tax refunds?
5. Does the taxpayer know about all of the choices?

This webcast will provide an excellent overview of net operating loss (NOL) requirements and pitfalls.

**Topics covered:**

* History of the NOL
* Carryback or carryforward – making the correct election
* Form 1045 or amended return
* Net operating losses for individuals
	+ Non-business deductions
	+ Non-business income
	+ Non-business capital losses
	+ Impact on IRA deductions, Social Security taxation, educational deductions, casualty losses, and medical expenses
* Exceptions to 2-year carryback requirements
	+ Disasters
	+ Farm losses
* How to claim and compute the deduction
	+ Deducting a carryback
	+ Deducting a carryforward
	+ Change in marital status
	+ Change in filing status
* Flow-through entities – limitation of losses
* IRC section 382 limitation – ownership changes
* Impact of debt forgiveness on NOLs
* Form 1138 – extensions for filing
* Form 1139 – Trusts, estates, and corporations – the “quick refund”

**Who should attend:**

Any tax practitioner involved in the planning and preparation of tax returns where a net operating loss could be claimed.

**Learning objectives:**

* Understand how to compute both net operating loss carrybacks and carryforwards.
* Avoid costly mistakes in tax planning.
* Prepare the various forms that are required to claim a net operating loss.

**Level:** Basic