Supplement to Form 511

Oklahoma Net Operating Loss Full-Year Residents Only

FORM **511NOL**

Revised 2016

For loss year 2016, use this form. For loss years 2015 and prior, use the NOL form from the "Archives: Past Years Income Tax Forms" page of our website at **www.tax.ok.gov.**

NOL Instructions...

The loss year return must be filed to establish the Oklahoma Net Operating Loss. If the loss is from a pass-through entity, the pass-through entity must also file a tax return.

An Oklahoma net operating loss (NOL) shall be separately determined by reference to Section 172 of the Internal Revenue Code as modified by the Oklahoma Income Tax Act and shall be allowed without regard to the existence of a Federal NOL. For additional information, use the instructions for Federal Form 1045 "Application for Tentative Refund" or Federal Publication 536 "Net Operating Losses (NOLs) for Individuals, Estates, and Trusts".

The loss carryback and carryforward periods shall be determined solely by reference to Section 172 of the Internal Revenue Code. An election may be made to forego the Net Operating Loss (NOL) carryback period. A written statement of the election must be part of the timely filed Oklahoma loss year return or to an amended return for the NOL year filed within six months of the due date of your original return (excluding extensions).

Notes:

An NOL that is a result of a farming loss may be carried back in accordance with the provisions contained in the Internal Revenue Code. However, the amount of the NOL carryback shall not exceed the lesser of $60,000 or the loss properly shown on the Federal Schedule F reduced by 1/2 of the net income from all other sources other than reflected on Schedule F.

You may choose to treat a farming loss as if it were not a farming loss. To make this choice, attach a statement to your loss year return stating that you are choosing to treat the farming loss as if it were not a farming loss under Section 172(i)(3) of the Internal Revenue Code.

Computation of Itemized Deductions

When there is positive out-of-state income, the following steps, A or B, will be used to calculate the itemized deductions attributable to the Oklahoma NOL. When determining if there is positive out-of-state income, out-of-state income and out-of-state losses should be netted together. When there is no positive out-of-state income, all of the itemized deductions will be used to compute the Oklahoma NOL; go directly to Schedule A. If using standard deduction, go directly to Schedule A.

A. When there is a positive Oklahoma Adjusted Gross Income and positive out-of-state income, the amount of itemized deductions allowable is the Oklahoma pro rata share, as per the instructions on the Oklahoma return.

B. When there is a negative Oklahoma Adjusted Gross Income and positive out-of-state income, the allowable portion of the itemized deductions is computed as follows. The total allowable nonbusiness deductions cannot exceed the amount of nonbusiness income.

		Example A	Example B	Taxpayer's Use
1.	All nonbusiness itemized deductions	10,000.00	5,000.00	
2.	All nonbusiness income (including nonbusiness capital gains)	8,000.00	8,000.00	
3.	Enter lesser of lines 1 and 2.	8,000.00	5,000.00	
4.	Net out-of-state income.	3,000.00	3,000.00	
5.	Subtract line 4 from line 3. (Do not enter an amount less than zero.)	5,000.00	2,000.00	
6.	Business itemized deductions attributable to Oklahoma.	1,000.00	1,000.00	
7.	Total itemized deductions attributable to Oklahoma. Add lines 5 and 6, enter here and on line 2a NOL Schedule A.	6,000.00	3,000.00	

Supplement to Form 511

OKLAHOMA NET OPERATING LOSS FULL-YEAR RESIDENTS ONLY

Barcode Placeholder

FORM **511 NOL SCHEDULE A** Revised 2016

Taxpayer's first name and initial	Last name	Taxpayer Social Security Number

COMPUTATION OF OKLAHOMA NET OPERATING LOSS FOR TAX YEAR _____

1. Oklahoma adjusted gross income from Form 511, line 7 1

DEDUCTIONS

2. a. Enter amount from the NOL Instructions: Computation of Itemized Deductions or enter the Oklahoma Standard Deduction if you did not itemize 2a
   b. Enter Total Adjustments to Oklahoma Adjusted Gross Income from Schedule 511-C 2b
   c. Add lines 2a and 2b ..... 2c ( )

3. Combine lines 1 and 2c. Enter the total here 3

Note: If line 3 is zero or more, do not complete remainder of schedule. There is no net operating loss.

ADJUSTMENTS: Lines 4 - 26 are entered as positive numbers.

4. Enter Oklahoma nonbusiness capital losses (before limitation). Also enter the nonbusiness Oklahoma Capital Gain Deduction from Schedule 511-A 4
5. Enter Oklahoma nonbusiness capital gains (without regard to any IRC Section 1202 exclusion) 5
6. If line 4 is larger than line 5, enter difference; otherwise enter zero 6
7. If line 5 is larger than line 4, enter difference; otherwise enter zero 7
8. Oklahoma nonbusiness deductions included in line 2a and 2b above, plus Oklahoma nonbusiness deductions from Schedule 511-A (exclude capital gains) and Federal nonbusiness adjustment from Federal return 8
9. Oklahoma nonbusiness income - other than capital gains. Combine Oklahoma nonbusiness income from Schedule 511-B and Federal nonbusiness income from Federal return 9
10. Add lines 7 and 9 10
11. If line 8 is larger than line 10, enter difference; otherwise enter zero 11
12. If line 10 is larger than line 8, enter difference **(but do not enter more than line 7);** otherwise enter zero 12
13. Enter Oklahoma business capital losses (before limitation). Also enter the business Oklahoma Capital Gain Deduction from Schedule 511-A 13
14. Enter Oklahoma business capital gains (without regard to any IRC Section 1202 exclusion) 14
15. Add lines 12 and 14 15
16. If line 13 is larger than line 15 enter difference; otherwise enter zero 16
17. Add lines 6 and 16 17
18. Enter the entire amount of the Oklahoma net loss, if any, included in line 16 of Federal Schedule D 18
19. IRC Section 1202 exclusion attributable to Oklahoma 19
20. Subtract line 19 from line 18. If zero or less, enter zero 20
21. Enter the entire amount of the Oklahoma net loss, if any, included in line 21 of Federal Schedule D - or - If there is no amount on the Federal Schedule D, line 21, but there is an amount on line 20 above, enter the amount from line 20 on this line 21
22. If line 20 is more than line 21, enter difference; otherwise enter zero 22
23. If line 21 is more than line 20, enter difference; otherwise enter zero 23
24. Subtract line 22 from line 17. If zero or less, enter zero 24
25. Oklahoma Net Operating Loss from other years and the Federal domestic production activities deduction attributable to Oklahoma 25
26. Combine lines 3, 11, 19, 23, 24, and 25 26

Note: If more than zero, enter zero. You do not have a Net Operating Loss.

A copy of your Federal return is required for the loss year entered above.

Supplement to Form 511

Oklahoma Net Operating Loss Full-Year Residents Only

Barcode Placeholder

FORM 511 NOL Schedule B Revised 2016

Taxpayer's first name and initial	Last name	Taxpayer Social Security Number

Intervening Year _____ **NOL Year** _____

The amount of the NOL absorbed in each intervening year will be the amount of the modified taxable income. The modified taxable income will be calculated using this worksheet. **A separate NOL Schedule B must be used for each year.**

I.	**Net Operating Loss Deduction.** Enter here as a positive number the net operating loss from NOL Schedule A, line 26. In succeeding year, enter amount from line III of previous year's NOL Schedule B			**I.**	
To compute modified taxable income:					
A.	**To compute Oklahoma Adjusted Gross Income For the Intervening Year**				
1.	Federal Adjusted Gross Income	A1.			
2.	Oklahoma subtraction (from Schedule 511-A) Be sure to exclude the NOL for the NOL year entered above or later years	A2.			
3.	Subtract line A2 from line A1	A3.			
4.	Out-of-state income	A4.			
5.	Subtract line A4 from line A3	A5.			
6.	Oklahoma additions. (from Schedule 511-B) Be sure to include any Federal NOL Carryback/over included in line A1 above	A6.			
7.	Adjusted Gross Income before the Oklahoma NOL deduction for the NOL year entered above. (Add lines A5 and A6.)			A7.	
B.	**Modifications:** (for intervening year)				
1.	Oklahoma capital losses in excess of Oklahoma capital gains (included in the net capital loss limitation from Federal Schedule D) (Note: Enter as a positive number)			B1.	
2.	Section 1202 Exclusion and domestic production activities deduction (enter as positive number)			B2.	
3.	Adjustments to AGI from the Federal NOL carryover worksheet			B3.	
C.	**Modified Oklahoma Adjusted Gross Income.** (line A7 plus lines B1, B2 and B3)			C.	
D.	**Less Allowable Modified Itemized Deductions.**				
1.	Itemized deductions reported on the original return less the adjustments to itemized deductions from the Federal NOL carryover worksheet. **OR** Oklahoma standard deduction	D1.			
2.	Percent allowed. (line C divided by line A3) (Limited to 100%)	D2.	%		
3.	Allowable deductions. (line D1 multiplied by line D2)			D3.	( )
E.	**Adjustments to Oklahoma Adjusted Gross Income.** **Example**: Military Pay Exclusion, Disability Deduction, etc. (from Schedule 511-C)			E.	( )
II.	**Modified taxable income.** (combine lines C, D3 and E) If zero or less, enter zero			**II.**	
III.	**Oklahoma Net Operating Loss carryover.** (line I minus line II) If zero or less, enter zero			**III.**	

A copy of your Federal return is required for the intervening year entered above.