

**Supplement to Form 511NR**  
**OKLAHOMA NET OPERATING LOSS(ES)**  
**NONRESIDENT/PART-YEAR RESIDENTS ONLY**

**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. Therefore for additional information, use the Federal instructions for Form 1045 "Application for Tentative Refund" or Federal Publication 536 "Net Operating Losses (NOLs) for Individuals, Estates, and Trusts".

Oklahoma computes the base tax "as if" all the income were earned in Oklahoma. Therefore, an Oklahoma NOL is computed based on the figures from the "Federal Amount Column." This is the "Oklahoma NOL from all sources" and is deducted in the "Federal Amount Column."

The true Oklahoma NOL is computed using the figures from the "Oklahoma Amount Column." This is the "Oklahoma NOL from Oklahoma sources" and is deducted in the "Oklahoma Amount Column." Note: If the taxpayer becomes a full-year resident, this is the loss which would be carried to Form 511.

Each Oklahoma NOL is separately determined and allowed without regard to the existence of the other.

- ✓ \* For 1996 through 2000 Oklahoma NOLs, no loss carryback shall be allowed.
- ✓ For 1996 through 2000 Oklahoma NOLs, the NOL carryforward shall not exceed 15 years.
- ✓ \* For 2001 through 2007 and for 2009 and subsequent Oklahoma NOLs, the loss carryback period shall be determined solely by reference to Section 172 of the Internal Revenue Code. An election may be made to forego the 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).
- ✓ \* For a 2008 Oklahoma NOL, the loss carryback shall be limited to a period of two years. An election may be made to forego the 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).
- ✓ For 2001 and subsequent Oklahoma NOLs, the loss carryforward period shall be determined solely by reference to IRC Section 172.

\* Notes:

For tax year 2000 and subsequent years, a 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 can 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.

**SCHEDULE A OKLAHOMA AMOUNT COLUMN INSTRUCTIONS**

**Oklahoma NOL from Oklahoma Sources (Oklahoma Amount Column)**

The "Oklahoma NOL from Oklahoma sources" is computed using 511NR-NOL Schedule A Oklahoma.

The Adjusted Gross Income - Oklahoma Sources (511NR) is to be reported on Schedule A, line 1. The following steps will be used to calculate the itemized deductions attributable to the Oklahoma NOL. If using Oklahoma standard deductions, the entire deduction is attributable to the Oklahoma NOL.

	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	