

City of Oregon Income Tax BUSINESS Net Operating Loss Worksheet

Business Name _____

FEIN# _____

2017 BUSINESS LOSSES - NEW RULES - PHASE-IN

Nonresident business losses recorded prior to 2017 (old net operating losses - OLD NOL) have been recorded at their allocated amounts. However, changes to state law and our Ordinance require losses recorded in 2017 (new net operating losses - NEW NOL) and future years to be recorded BEFORE applying the work city allocation percentage. This process of recording losses is a temporary formula until Pre-2017 losses are used and phase-in requirements are over. For tax years 2018 through 2022, NEW NOLs used to reduce income are subject to a 50% phase-in limitation. The Business Loss Carryforward Application Worksheet (see below) has been developed to guide taxpayers and preparers through the process of properly using losses to reduce business taxable income during this transition period.

PHASE-IN RULES FOR NEW NET OPERATING LOSSES

Resident and nonresident business losses posted in 2017 and future years (NEW NOL) are limited to phase-in rules when used against profits in tax years 2018 through 2022. During this five year phase-in period, a fifty percent (50%) limitation is calculated to determine the allowable deduction against business net profit (see the Business Loss Carryforward Worksheet below). Any unused losses can be carried forward (5 year limit). Losses from tax years prior to 2017 (OLD NOL) can still be used (in full if necessary) to reduce business income. The Business Loss Carryforward Application Worksheet structures the order of losses for ease of application. Other application order can be used if worksheets are provided.

BUSINESS CARRYFORWARD APPLICATION WORKSHEET

Information needed to complete the worksheet:

Adjusted Federal Taxable Income (AFTI)	
NEW NOL	
OLD NOL	
Apportionment Factor % (A F)	

NOL WORKSHEET			
NEW NOL AVAILABLE:			
1	Multiply NEW NOL by 50%	(X) .5	
OR			
2	Adjusted Federal Taxable Income (AFTI)		
3	Divide the OLD NOL by the Apportionment Factor (AF)	OLD NOL / A F	
4	Subtract Line 3 from Line 2		
5	Multiply Line 4 by 50%	(X) .5	
The LESSOR of line 1 or line 5 is to be used as the Allowable Post-2016 Net Operating Loss			