

General Instructions

A net operating loss carry-back adjustment may be filed on this form by an individual or fiduciary taxpayer that desires a refund of taxes afforded by carry-back of a net operating loss. This form must be filed no later than 3 years from the due date of the loss year income tax return, including any extensions which have been granted. Form 500X should not be used to carry-back a N.O.L.

Generally a net operating loss must be carried back and forward in the procedural sequence of taxable periods provided by Section 172 of the Internal Revenue Code of 1986, as it existed on January 1, 2017. Generally the carry-back period is 2 years (with special rules for farmers (5 years), casualty losses (3 years); specified liability loss (10 years), small business loss attributable to federally declared disasters (3 years); etc.). However, Georgia does **not** follow the following federal provisions:

- Special carry-back rules enacted in 2009.
- Special rules relating to Gulf Opportunity Zone public utility casualty losses, I.R.C. Section 1400N(j).
- 5 year carry-back of NOLs attributable to Gulf Opportunity Zone losses, I.R.C. Section 1400N(k).
- 5 year carry-back of NOLs incurred in the Kansas disaster area after May 3, 2007, I.R.C. Section 1400N(k).
- 5 year carryback of certain disaster losses, I.R.C. Sections 172(b)(1)(J) and 172(j).
- The election to deduct public utility property losses attributable to May 4, 2007 Kansas storms and tornadoes in the fifth tax year before the year of the loss, I.R.C. Section 1400N(o).

Within 90 days from the last day of the month in which this form is filed, the Commissioner of Revenue shall make a limited examination of the form and disallow without further action any form containing errors of computation not correctable within such 90-day period or having material omissions. A decrease of tax determined for prior year tax will first be credited against any unpaid tax and any remaining balance will be refunded to the taxpayer without interest within the 90-day period.

***Note:** This form **shall** constitute a claim for credit or refund.

If the commissioner should determine that the amount credited or refunded by an application is in excess of the amount properly attributable to the carry-back with respect to which such amount was credited or refunded, the commissioner may assess the amount of the excess as a deficiency as if it were due to a mathematical error appearing on the face of the return.

What to attach:

1. Copy of Federal Application for Net Operating Loss.
2. Copy of Federal return for the loss year that includes pages 1 and 2, schedules A, D, and E.
3. Copy of Federal returns for the carry-back years that includes pages 1 and 2, schedule A and any schedules that were recalculated in carry-back year.
4. Copy of Georgia returns for the carry-back or carry-forward years
5. Copy of Georgia form 500 for the loss year.

Be sure to attach all required forms listed above and complete all lines of the Form 500-NOL that apply. Otherwise your application may be disallowed.

The carryback period may be foregone and the N.O.L. carried forward. Election: A taxpayer is bound by the Federal election to forego the carry-back period. A copy of this election should be attached to the Georgia return. If there is a Georgia N.O.L. but no Federal N.O.L., the taxpayer may make an election "for Georgia purposes only" under the same rules and restrictions as the Federal election.

Example: A taxpayer has a large Net Operating Loss in 1998 (both Federal and Georgia). With his timely filed Federal return, he includes a statement that he elects to forgo the carry-back period. He must therefore carry his Georgia (as well as his Federal) N.O.L. forward without first carrying it back. Any portion not absorbed after 20 years is lost.

Page 1 Instructions

Columns a, c, and e.

Enter the amounts from your original return or as previously adjusted by you or the Department of Revenue.

Columns b, d, and f.

Lines 1 and 5, enter the amounts after adjustments that are required by I.R.C. Section 172, if any. **Line 1 should not be reduced by the Federal or Georgia NOL.**

Lines 2 and 7, enter the amounts from your original return or as previously adjusted by you or the Department of Revenue.

Line 3. For the earliest carryback year, in column (b) enter the N.O.L. from page 2, line 41. In column (d) and (f) if applicable, enter the amount from line 9 of the Net Operating Loss Carryover schedule on page 3. For example, a taxpayer has a loss from 2013 which has a two year carryback period. The loss from page 2 line 41 is listed on line 3 in column (b) for 2011. Not all of the loss is utilized. The taxpayer makes the adjustments as required for 2011 in the Net Operating Loss Carryover schedule on page 3 and lists the amount from line 9 (if it is a positive amount) on line 3 in column (d) for 2012.

Line 10, the credit for taxes paid to other states should be recomputed based on the new Georgia AGI and deductions. Other credits that are based on liability should be adjusted accordingly. Any credits that are not allowed and that are eligible for carry-forward can be carried forward. **Do not enter more than Line 9.**

Page 2 Instructions

A Georgia Net Operating Loss (N.O.L.) must be computed separately from any Federal N.O.L. It is possible to have a Federal N.O.L., but not a Georgia N.O.L.

Line 21. In computing a Georgia N.O.L., only Georgia amounts can be used. Interest on U.S. savings bonds should be entered as a negative number on this line. Non Georgia municipal interest should be entered as a positive number on this line. The nonbusiness portion of the retirement exclusion should be entered as a negative number on this line. This should be computed as follows. The total nonbusiness income (as it is defined for NOL purposes) that is included in the retirement exclusion should be divided by the total income that is included in the retirement exclusion. This percentage should then be multiplied by the retirement exclusion. For example, if the taxpayer has \$8,000 in wages and \$20,000 in interest income, the taxpayer would divide \$20,000 by \$28,000 and then multiply this by the retirement exclusion amount. When computing the percentage the following guidelines should be followed:

1. If the total nonbusiness income that is included in the retirement exclusion is zero or less than zero, the percentage is zero. This would apply even if the total income that is included in the retirement exclusion is zero or less than zero.
2. If the total nonbusiness income that is included in the retirement exclusion is greater than zero and exceeds the total income that is included in the retirement exclusion, the percentage is 100%. This would apply even if the total income that is included in the retirement exclusion is zero or less than zero.

Additionally, in situations where two people file married filing joint, a separate computation should be made to determine each taxpayer's portion of the retirement exclusion that is related to nonbusiness income.

Page 3 Instructions

Net Operating Loss Carryover. See instructions on page 3.

Please note that the amount from line 9 of the year directly preceding the loss year is the amount (if any) that can be carried to the year after the loss year (carryover year). The same adjustments from this schedule must be made to each year in the carryover period to determine the amount that is available to be carried to the next carryover year. For example, a taxpayer has a loss from 2013 which has a two year carryback period. The loss is carried back to 2011 and 2012 on page 1 but not all of the loss is utilized. The taxpayer makes the adjustments as required to 2011 and 2012 in the Net Operating Loss Carryover schedule at the top of page 3. After computing the amount for 2012 there is a positive amount on line 9 of the 2012 column. This amount can be carried to 2014 and should be listed on the 2014 return not on Form 500-NOL. If not all of the loss is utilized in 2014, the taxpayer should make the same adjustments to 2014 as are listed in the Net Operating Loss Carryover schedule on page 3 to determine if any loss is available to be carried to 2015. A schedule showing this should be attached to the 2014 return and should not be listed on the Form 500-NOL.

If the loss was carried to a part year or nonresident return, on line 2 of the carryover schedule enter the amount from line 14 schedule 3 of Form 500 for the year it was carried to. For lines 3, 4, and 5, enter amount if related to Georgia Income. For lines 6 and 7, multiply the amount by the ratio on line 9, schedule 3 of Form 500 for the year the loss was carried to.

Part Year and Nonresident Instructions. See instructions on page 3.