

# Instructions for Idaho Form 56

## GENERAL INSTRUCTIONS

A net operating loss (NOL) occurs when the amount of Idaho taxable income, after making modifications, is less than zero. Idaho calculates the Idaho NOL differently than the federal NOL, so you must always add back the NOL claimed on your federal income tax return. Idaho allows a deduction to individuals, C corporations, trusts, and estates. S corporations and partnerships aren't allowed an NOL deduction. Instead, any losses pass through to the shareholders and partners.

You can use an NOL by deducting it from your income in another year or years.

Include Form 56 or your own schedule with the return for any year you carry the NOL to.

## SPECIFIC INSTRUCTIONS CALCULATION OF IDAHO NOL

Complete lines 1 through 8 to compute and use your Idaho NOL.

**Corporations** skip lines 4 through 6.

**Trusts and estates** skip lines 5 and 6.

**Line 1** – Starting with the earliest tax year, enter absorption year(s) and the NOL year. An absorption year is the year you use the NOL to offset your income. An NOL year is the year you incurred a loss.

**Line 2** – The calculation of the Idaho NOL starts with Idaho adjusted income. Enter the Idaho adjusted income (loss).

### Individuals:

- Full-year residents:  
For tax years 2011 through 2017, this is Form 40, line 11  
For tax year 2018, this is Form 40, line 12
- Part-year and nonresidents:  
For tax years 2011 through 2017, this is Form 43, line 31, column b  
For tax year 2018, this is Form 43, line 32, column b

### Trusts and Estates:

- Enter the Idaho taxable income (loss) before the exemption deduction. For tax years 2011 through 2018, this is Form 66, line 7

### Corporations:

- Enter the Idaho taxable income (loss) from Form 41. For tax years 2011 through 2018, this is line 37

**Line 3** – Add any Idaho NOL carryback/carryover deduction for losses from prior years. Enter the amount as a positive number.

### Individuals:

- Full-year residents:  
Form 39R, section B, line 1
- Part-year and nonresidents:  
Form 39NR, section B, line 1

### Trusts and Estates:

- Form 66, Schedule B, line 7

### Corporations:

- Form 41, line 36

**Line 4** – Add the net capital loss deduction claimed on the federal return. For example, a taxpayer reported a \$4,000 capital gain and a \$5,000 capital loss on federal Schedule D. The capital loss deduction included in Idaho adjusted income (loss) is \$1,000. Enter the amount as a positive number.

### Individuals:

- Federal Schedule D (Form 1040)

### Trust and Estates:

- Federal Schedule D (Form 1041)

### Corporations:

- Don't enter anything on this line

**Line 5** – Add any Idaho capital gains deduction claimed on your Idaho return. Enter the amount as a positive number.

### Individuals:

- Full-year residents:  
Form 39R, section B, line 10
- Part-year and nonresidents:  
Form 39NR, section B, line 6

### Corporations, Trusts, and Estates:

- Don't enter anything on this line

**Line 6** – Subtract any casualty losses on Idaho property included in itemized deductions on federal Schedule A. Enter the amount as a negative number. Losses resulting from Ponzi schemes are considered theft losses, not casualty losses. You must add back those amounts in determining the amount of an Idaho NOL.

### Individuals:

- Federal Schedule A

### Corporations, Trusts, and Estates:

- Don't enter anything on this line

**Line 7 – Idaho net operating loss.** Add lines 2 through 5, then subtract line 6 for loss years only. Enter the result here. For absorption years, skip line 7 and go to line 8.

**Line 8 – Idaho absorption income.** Add lines 2 through 5, then subtract line 6 for absorption years only. Enter the result here.

## CARRYBACK/CARRYOVER OF IDAHO NOL

**For a corporation with multiple entities operating in Idaho,** each entity with Idaho activity can carry back \$100,000 of NOL, up to the amount of Idaho taxable income per entity in the year carried back.

**For losses incurred after January 1, 2013,** you only have one year from the end of the loss year to file an amended return carrying back the Idaho NOL. After that, you must carry the Idaho NOL forward. You can carry forward the remaining amount and apply it to the next 20 years until the NOL is fully absorbed.

**For losses incurred after January 1, 2000, and before January 1, 2013,** you must carry back the Idaho NOL and apply it to the prior two years. You can carry forward the remaining amount and apply it to the next 20 years until the NOL is fully absorbed.

You can carry back a maximum of \$100,000 (\$50,000 if you're filing as married filing separately) of Idaho NOL. You must carry forward any Idaho NOL in excess of \$100,000.

