



Illinois Department of Revenue 2012 Schedule NLD

Illinois Net Loss Deduction

Carry year ending

For Illinois net losses arising in tax years ending on or after December 31, 1986.
Attach to your Form IL-1120, IL-1120-ST, IL-1041, IL-1065, or any amended return.

Month _____ Year _____
IL Attachment No. 6

Write your name as shown on your return.

Write your federal employer identification number (FEIN).

Step 1: Figure your Illinois net loss deduction (NLD)

Note Corporations, other than S corporations, are allowed to use Illinois NLD, up to a maximum of \$100,000, to offset income for tax years ending on or after December 31, 2012, and before December 31, 2014. See "When Must I Use This Schedule?" for more information.

- Read the instructions before completing this schedule.
- "Carry year" is the year to which the loss is being carried.
- Write all amounts as positive figures.

Remember: You must attach supporting documentation to this schedule.

	A	B	C
	Earliest loss year ending _____	Loss year ending _____	Loss year ending _____
	Month / Year	Month / Year	Month / Year

1 Write your reported Illinois net loss. See instructions. _____

2a Write the carry year and the amount of Illinois net loss previously carried back or forward. See instructions. 2a _____

Note If you are reducing your loss due to discharge of indebtedness income, see instructions.

b	_____	_____	_____
	Month / Year Loss carried	Month / Year Loss carried	Month / Year Loss carried
c	_____	_____	_____
	Month / Year Loss carried	Month / Year Loss carried	Month / Year Loss carried

2d Add Lines 2a through 2c. This is your total amount of loss previously carried. 2d _____

3 Subtract Line 2d from Line 1. This is your remaining Illinois net loss. _____

4 Write the Illinois base income for this carry year. See instructions. _____

5 **Column A:**
IL-1120 filers - For the earliest loss year write \$100,000. See instructions.
All other filers - For the earliest loss year write the amount from Column A, Line 4. See instructions.
Columns B and C: See instructions.

Write Line 8 from previous column

6 Write the lesser of Line 4 or Line 5. This is your maximum NLD allowed. _____

Write Line 9 from previous column

7 Write the lesser of Line 3 or Line 6. This is your NLD. _____

8 Subtract Line 7 from Line 4. This is your remaining income after NLD. _____

9 Subtract Line 7 from Line 6. This is your remaining NLD allowed this carry year. _____

10 Subtract Line 7 from Line 3. This is your remaining NLD for subsequent years. _____



Total of Columns A, B, and C, Line 7.
See instructions.
IL-1120 filers this amount cannot exceed \$100,000.

Step 2: Identify the loss year company

Complete this part only if the loss shown on Step 1, Line 1, originated from a company other than the one filing this return. Write the FEIN of the company and the reason (e.g., merger) you are allowed to use that company's losses.

A	B	C
11 FEIN: _____ - _____	12 FEIN: _____ - _____	13 FEIN: _____ - _____
Reason: _____	Reason: _____	Reason: _____
_____	_____	_____
_____	_____	_____

Discharge of Indebtedness Worksheet and Instructions

- | | |
|---|---------|
| 1 Write the amount of the reduction to your federal net operating losses that was carried over to the tax year of the discharge (See federal Form 982). | 1 _____ |
| 2 Multiply the amount on Line 1 by your income allocation ratio. | 2 _____ |
| 3 Write the total amount of Illinois net loss carryovers from all loss years available to be carried to the taxable year of the discharge. | 3 _____ |
| 4 Write the lesser of Line 2 or Line 3. This is the amount of your loss carryover reduction. | 4 _____ |

Line 2 — Your income allocation ratio is calculated by dividing the amount of debt cancellation income excluded from your gross income that would have been allocated or apportioned to Illinois under the IITA if it was not excluded, by the total amount of debt cancellation income excluded from your gross income. If all of your debt cancellation income would have been business income, use the apportionment factor you calculated on the return for the tax year of the debt cancellation.

Line 3 — This is the amount of any net loss reported on Schedule NLD for a taxable year prior to the year of discharge that has not previously been carried back or forward. In determining this amount,

if you had positive base income allocable to Illinois in the tax year of the debt cancellation, you may first use any NOL carryovers available to be carried to that year in order to claim an Illinois NLD. Only the remaining unused loss carryovers to such year, if any, should be included on this line.

Line 4 — If Line 2 is less than Line 3, apply the loss carryover reduction from Line 4 to reduce (but not below \$0) the net operating loss carryover beginning with the earliest loss year, and continue in order until the entire loss carryover reduction has been applied. If Line 3 is less than Line 2, all of the net loss carryovers you reported on Line 3 are reduced to \$0.

Schedule NLD Instructions

General Information

What is new for 2012?

- This schedule has been redesigned for the tax year ending December 31, 2012. If you are filing Schedule NLD for tax years ending before December 31, 2012, you cannot use this schedule. For prior years, use the schedule for that year.
- If you are a corporation, other than an S corporation, an Illinois net loss deduction (NLD) is allowed, up to a maximum of \$100,000, for tax years ending on or after December 31, 2012, and before December 31, 2014. This schedule has been redesigned to account for the NLD limitation. This limitation does not apply to S corporations, partnerships, estates, or fiduciaries. See the specific instructions for Step 1 for more information.

When must I use this schedule?

You must use this schedule to carry forward or back an Illinois net loss arising in tax years ending on or after December 31, 1986. An Illinois net loss deduction (NLD) can be used to reduce the base income allocable to Illinois **only** if the loss year return has been filed and to the extent the loss was not used to offset income from any other tax year. Corporations, **excluding S corporations**, that are members of a unitary group, must use Illinois Schedule UB/NLD, Unitary Net Loss Deduction, to claim any NLD. All S corporations, including any that are members of a unitary group **must** use Illinois Schedule NLD.

Note If corrections have been made to the loss amount (e.g., federal audit or amended return), you must report the corrected amount when you file this schedule.

What is the purpose of this schedule?

The purpose of Illinois Schedule NLD is to calculate your total amount of Illinois net loss available, the amount deductible for this year, and the remaining NLD available for use in other years.

What are the limitations of the Illinois NLD?

When determining the amount of loss that can be carried forward, corporations, other than S corporations, do not count

- the taxable years for which the deduction was disallowed by law (tax years ending after December 31, 2010 and before December 31, 2012);
- the taxable years for which the deduction would exceed \$100,000 if not for the NLD limitation (tax years ending on or after December 31, 2012 and before December 31, 2014).

For Illinois net losses in tax years **ending on or after December 31, 2003**, Illinois net losses can no longer be carried back, and can only be carried forward for 12 years.

For tax years **ending on or after December 31, 1999**, and **before December 31, 2003**, all Illinois net losses must be carried back 2 years, (unless an election to only carry forward is made) then forward 20 years. The special rules under Internal Revenue Code (IRC) Section 172, and future amendments to that section, no longer apply to Illinois net losses. Also, no limitations under IRC Section 382, or the separate return limitation year provisions of the federal consolidated return regulations apply to an Illinois NLD carryover.

Illinois net losses in tax years **ending before December 31, 1999**, are allowed as a carryback or carryforward deduction only in the manner allowed under IRC Section 172, including, for example, the 10-year carryback allowed to banks for bad debt losses.

The following are the carryback and carryforward years generally allowed for Illinois net losses in tax years **ending before December 31, 1999**. Illinois net losses in tax years beginning

- after August 5, 1997, and ending before December 31, 1999, must be carried back 2 years, then forward 20 years.
- on or before August 5, 1997, must be carried back 3 years, then forward 15 years.

Note For tax years ending on or after December 31, 1996, and before December 31, 2003, you may make the election to forgo any of the previously mentioned Illinois NLD carryback periods by checking the appropriate box on your loss year return. This election must be made by the extended due date of your return and once made, is irrevocable.

Special Note **Corporations and trusts.** If you are a corporation (other than an S corporation) or trust, and you were required to reduce or eliminate a federal net operating loss carryover because you had discharge of indebtedness income, you may be required to reduce or eliminate your Illinois net operating loss carryovers. This reduction may be required if you had discharge of indebtedness income excluded from your federal gross income for any taxable year ending on and after December 31, 2008. See the instructions for Line 2a through 2c. If you were required to reduce a federal net operating loss for the year of the discharge, you may have been required to reduce any Illinois net loss you incurred for the same year. This reduction is made on the Illinois income tax return you filed for the loss year. See the appropriate return instructions for your loss year.

What must I attach?

You **must** attach Schedule NLD to your annual tax return. The department **may** require you to submit complete copies of the original loss year returns, amended returns, or audit reports reflecting the loss amounts that you are claiming on this schedule. Failure to submit requested information will result in processing delays.

What if I need additional assistance?

If you need assistance,

- visit our website at tax.illinois.gov;
- call our Taxpayer Assistance Division at **1 800 732-8866** or **217 782-3336**;
- call our TDD (telecommunications device for the deaf) at **1 800 544-5304**; or
- write to us at P.O. Box 19044, Springfield, IL 62794-9044.

Our office hours are 8:00 a.m. to 5:00 p.m., Monday through Friday.

Specific Instructions

Specific instructions for most of the lines are provided on the following pages. Lines that are not discussed in the instructions are self-explanatory.

Step 1: Figure your Illinois net loss deduction

Column A — Write the month and year of the tax year in which you incurred the Illinois net loss that will expire first.

Line 1 — Write the Illinois net loss from your loss year

- Form IL-1120 or Form IL-1120-X, Part IV, Line 1 (for tax years ending before December 31, 2005);
- Forms IL-1120 or IL-1120-X, Line 37 (for tax years ending on or after December 31, 2005 and ending on or before December 30, 2009);
- Forms IL-1120 or IL-1120-X, Line 39, (for tax years ending on or after December 31, 2009 and on or before December 30, 2010);
- Forms IL-1120 or IL-1120-X, Line 37 (for tax years ending on or after December 31, 2010);
- Form IL-1120-ST, Part II, Line 1a (for tax years ending before December 31, 2006);
- Forms IL-1120-ST or Form IL-1120-ST-X, Line 48 (for tax years ending on or after December 31, 2006, and on or before December 30, 2009);

- Forms IL-1120-ST or Form IL-1120-ST-X, Line 50 (for tax years ending on or after December 31, 2009, and on or before December 30, 2010);
- Forms IL-1120-ST or Form IL-1120-ST-X, Line 49 (for tax years ending on or after December 31, 2010);
- Form IL-1065, Part II, Line 1a (for tax years ending before December 31, 2006);
- Forms IL-1065 or Form IL-1065-X, Line 48 (for tax years ending on or after December 31, 2006, and on or before December 30, 2010);
- Forms IL-1065 or Form IL-1065-X, Line 47 (for tax years ending on or after December 31, 2010);
- Forms IL-1041, Part III, Line 1a (for tax years ending before December 31, 2007)
- Forms IL-1041 or Form IL-1041-X, Line 27 (for tax years ending on or after December 31, 2007);
- Forms IL-1041 or Form IL-1041-X, Line 30 (for tax years ending on or after December 31, 2009, and on or before December 30, 2010);
- Forms IL-1041 or Form IL-1041-X, Line 29 (for tax years ending on or after December 31, 2010).

Note → If the loss originated from a company other than the one filing this return, complete Step 2.

Lines 2a through 2c — Write the month and year to which the loss has been previously carried and the amount of Illinois net loss previously used to offset base income allocable to Illinois.

For tax years ending before December 31, 2005, this amount is shown on the prior year

- Form IL-1120, Part IV, Line 2
- Form IL-1120-ST, Part II, Line 1b
- Form IL-1065, Part II, Line 1b
- Form IL-1041, Part III, Line 1b
- Form IL-1120-X, Part IV, Line 2, Column C
- Form IL-1120X-PY, Part I, Line 9, Column C
- revised Illinois return attached to your Form IL-843.

For tax years ending on or after December 31, 2005, this amount is shown on the prior year

- Form IL-1120 or Form IL-1120-X, Line 38

For tax years ending on or after December 31, 2006, this amount is shown on the prior year

- Form IL-1120-ST or IL-1120-ST-X, Line 49
- Form IL-1065 or IL-1065-X, Line 49

For tax years ending on or after December 31, 2007, this amount is shown on the prior year

- Form IL-1041 or IL-1041-X, Line 28

For tax years ending on or after December 31, 2009, this amount is shown on the prior year

- Form IL-1120 or IL-1120-X, Line 40
- Form IL-1120-ST or IL-1120-ST-X, Line 51
- Form IL-1041 or IL-1041-X, Line 31

For tax years ending on or after December 31, 2010, this amount is shown on the prior year

- Form IL-1120 or IL-1120-X, Line 38
- Form IL-1120-ST or IL-1120-ST-X, Line 50
- Form IL-1065 or IL-1065-X, Line 48
- Form IL-1041 or IL-1041-X, Line 30

Discharge of Indebtedness Income — If you excluded discharge of indebtedness income in a prior tax year from your federal gross income, then you are required to reduce your Illinois net operating loss carryovers. The loss is treated as previously used in Illinois. This reduction applies to Illinois loss carryovers to the tax year of the debt cancellation only if a reduction was made under the Internal Revenue Code to any federal net operating loss carryovers you had to that tax year. Use the worksheet on the back of Schedule NLD to calculate the

amount of reduction. Report the reduction on Lines 2a through 2c by writing "ITA 207(c)" in addition to the month and year to which the loss was previously carried and include the amount of reduction calculated as Illinois net loss previously used. Attach a copy of your federal Form 982, Reduction of Tax Attributes Due to Discharge of Indebtedness, to your Schedule NLD. For more information, see department Regulations Section 100.2310(c).

Note → If the loss has been carried to more than three years and additional space is needed, complete and attach an additional Illinois Schedule NLD.

Line 4 — Write the amount of base income allocable to Illinois for the carry year. See Line 1 instructions for the appropriate line reference for your return type. If you are submitting this schedule as support for an amended return, write the amount shown on

- Form IL-1120-X, Line 37, Column B;
- Form IL-1120ST-X, Line 49, Column B;
- Form IL-1065-X, Line 47, Column B;
- Form IL-1041-X, Line 29, Column B.

If this is a negative amount, you **should not** be using Schedule NLD.

Line 5 — If you file

- Form IL-1120 and this is the earliest loss year, write \$100,000.
- Form IL-1120-ST, IL-1065, or IL-1041 and this is the earliest loss year, write the amount from Column A, Line 4.

Note → **All filers:** If you have attached multiple Schedules NLD and the reported Illinois net loss in Column A is not from the earliest loss year, write the amount from Column C, Line 9, of the preceding Schedule NLD.

Line 7 — Write the lesser of Line 3 or Line 6.

Note → Form IL-1120 filers, this amount may not exceed \$100,000.

Line 9 — Subtract Line 7 from Line 6. If this line is zero you have used the maximum amount of NLD allowable this year and may use no more NLD this carry year.

Line 10 — Subtract Line 7 from Line 3. **Do not** write this amount on this year's return. This is your remaining NLD to be carried to subsequent years.

Note → If there is an NLD remaining **after** this year (Line 10 is greater than zero), the amount on Line 7 must be included on any subsequent year's Schedule NLD, Line 2.

Columns B and C — Complete all lines of the columns as needed for additional Illinois net loss years.

Lines 1 through 3 — Follow the instructions for Column A.

Line 4 — Write the amount from Line 8 of the preceding column.

Line 5 — **All filers:** Write the amount from Line 9 of the preceding column.

Line 7 — Follow the instructions for Column A. Add Columns A, B, and C. This is your total NLD to be used this year. Write this amount in the box and on the "Illinois net loss deduction" line of this year's return or amended return. See Line 2 instructions for the appropriate line reference for your return or amended return.

Note → Form IL-1120 filers, this amount may not exceed \$100,000.

Line 9 — Follow the instructions for Column A.

Line 10 — Follow the instructions for Column A.

Note → If you have more than three Illinois net loss years attach additional Schedules NLD as needed.

Step 2: Identify the loss year company

Lines 11 through 13 — Follow the instructions on the form.