

GENERAL INSTRUCTIONS FOR FORM 500NOLD

NOTE: For a capital loss carryback, file an Amended Virginia Corporation return using Forms 500 and 500ADJ.

Net Operating Loss Deduction Computations

There is no Virginia net operating loss available for carry back or carry over. However, since the starting point for the Virginia Corporation Income Tax is federal taxable income (Line 1, Form 500), there is statutory provision for net operating loss deductions to the extent that such losses are included in federal taxable income.

Note: Virginia's date of conformity to the Internal Revenue Code was advanced from January 2, 2013, to December 31, 2014, with limited exceptions. At the time that these instructions went to print, required adjustments for "fixed date conformity" included: (i) the special 30% and 50% bonus depreciation allowance for certain assets under the IRC, and (ii) the 5-year net operating loss (NOL) carry back allowed for net operating losses generated in Taxable Year 2008 or 2009. Also, Virginia will continue to disallow the income tax deductions related to applicable high yield discount obligations under IRC § 163(e)(5)(F). If federal legislation is enacted that results in changes to the Internal Revenue Code for the Taxable Year 2015, taxpayers may be required to make adjustments to their Virginia returns that are not described in the instruction booklet. Supplemental instructions will be posted on the Department's website at www.tax.virginia.gov. See Pages 4 and 5 of the instructions for Form 500 for additional information.

Since federal taxable income must be modified for Virginia additions and subtractions, the additions and subtractions of the loss year follow the federal loss to the year the loss is utilized.

Thus, if the federal net operating loss is fully used in carry back or carry over to one year, the entire net amount of additions and subtractions will be applied to such year. If, however, the federal net operating loss is partially utilized in each of several years, the net amount of additions and subtractions will be applied in the same ratio to the applicable years.

Federal Extended NOL Carryback Provisions

Virginia's deconformity from the extended NOL carryback period allowed in IRC §172(b)(H) does not apply to any other provision of the IRC that provides for an extended NOL carryback period. Taxpayers that carry back NOLs for federal income tax purposes for more than two taxable years pursuant to any other provision of the IRC may do so without making adjustment when computing their Virginia taxable income

Below is a chart that summarizes the various maximum carryback periods allowed under federal law. The provision and descriptions provided below are based on current federal law and may not reflect federal tax law as it existed in a previous taxable year that is under audit. Further, additional federal rules regarding extended NOL carrybacks may apply that are not described in this chart.

Provision	Carryback Period	IRC Section
General Rule	2 taxable years	172(b)(1)(A)
Eligible Losses	3 taxable years	172(b)(1)(F)
Farming Losses	5 taxable years	172(b)(1)(G)
Losses from Federally Declared Disasters	5 taxable years	172(b)(1)(J)
Qualified Gulf Opportunity Zone Losses	5 taxable years	1400N(k)
Specified Liability Losses	10 taxable years	172(b)(1)(C)

A brief description of the above provisions is provided for your reference. This information is not all inclusive and you should consult the IRC, federal regulations, and other relevant sources of federal law.

Eligible Losses: Taxpayers may carry back the portion of an NOL that is an eligible loss for up to three taxable years. For a taxpayer that is a small business or engaged in the trade or business of farming an eligible loss would be an NOL resulting from a federally declared disaster.

Farming Losses: Taxpayers may carry back the portion of an NOL

that is a farming loss as determined under IRC § 172(i) for up to five taxable years.

Losses from Federally Declared Disasters: The portion of an NOL resulting from a qualified disaster loss as determined under IRC § 172(j) may be carried back for up to five taxable years.

The federal net operating loss deduction may be used only to reduce federal taxable income, and a federal net operating loss deduction cannot create or increase a federal operating loss. For a copy of the Virginia regulations, visit the Laws, Rules & Decisions page on the Department's website and click on Virginia Tax Administrative Code, or write to the **Virginia Department of Taxation, Forms Request Unit, PO Box 1317, Richmond, VA 23218-1317 or call (804) 367-8037.**

For additional information, call (804) 367-8037 or write to the Virginia Department of Taxation, PO Box 1115, Richmond, VA 23218-1115. You can download most Virginia income tax forms at www.tax.virginia.gov. Tenemos servicios disponible en Español.

Note: Multistate corporations — If federal taxable income is reduced to zero, allocable income is not considered.

Consolidated and combined filers must compute the amount of net operating loss deduction according to 23 Virginia Administrative Code (VAC) 10-120-320 through 10-120-327.

To avoid processing delays, mail Form 500NOLD to the address shown on the form in the upper left-hand corner. Do not mail with your corporate return. Always attach a copy of federal Form 1139 or Form 1120X. If neither of the federal forms were filed, provide a detailed explanation of the adjustment.

LINE INSTRUCTIONS

1. Enter the taxable year for which the loss was sustained. Use yyyy format for the **actual taxable year**. Ex: 2014 or 2015. Do not express in ending month/year (mm/yy) format. For fiscal year filers, the **actual taxable year** is year on the return being filed (year of the beginning period of the fiscal year).
2. (a) Enter the amount of federal net operating loss.
(b) Enter the net Virginia Fixed Date Conformity Modifications (additions and subtractions). Also, see instructions for Form 500 and Schedule 500ADJ. Fixed date conformity items to be included are: (1) Special 30% or 50% bonus depreciation for assets under IRC § 168(k), (2) Disposed assets that received the special 30% to 50% bonus depreciation, (3) Income tax deductions related to applicable high yield discount obligations under IRC § 163(e)(5)(F), and (4) Other changes not listed.
Please refer to the Supplemental Fixed Date Conformity Instructions on the Department's website, www.tax.virginia.gov for information on any other additions and subtractions due to federal tax legislation passed after the printing deadline for these instructions. The Department's website will also reflect any action by the Virginia General Assembly to advance the date of conformity to the IRC that may take place before the due date for your return. Enter any amounts described in the Supplemental Fixed Date Conformity Instructions. Also, please attach a schedule and explanation of such additions and subtractions.
(c) Reserved for Future Use.
(d) Enter the amount of Virginia Fixed Date Conformity NOL available for carry back. [Line 2(a) plus or minus Line 2(b)].
3. Enter the net amount of the Virginia additions and subtractions from the loss year return. **DO NOT** include Fixed Date Conformity Modifications. The amount of Fixed Date Conformity additions and subtractions claimed on Schedule ADJ should be excluded from this amount. If modifications for cancellation of debt income or the domestic production activities deduction were claimed on Schedule ADJ as other subtractions or additions to

- federal taxable income, these should also be excluded from the amount entered on this line because these are also Fixed Date Conformity modifications. For Taxable Year 2004 and beyond, if you made any payments to an affiliated corporation or related individual or other related entity for interest, royalties or other expenses related to intangible property, include with other modifications. If the net amount is positive, it may not exceed the amount of the loss on Line 2.
4. Enter the taxable year to which the loss was taken. Enter in yyyy format for the taxable year. Ex: 2012 or 2013. For fiscal year filers, it is the year of the return being amended (year of beginning period of fiscal year). This must correspond to the same year that the loss was taken for federal tax purposes (unless a 5-year carryback was used for federal purposes pursuant to IRC § 172(b)(1)(H) for Taxable Years 2008 and 2009 in which case the years will differ since Virginia only allows a two-year carryback for these losses), or would be required to be taken if no federal carryback is applicable.
 5. (a) Enter the federal taxable income for the year being amended.
 - (b) Enter the net Virginia Fixed Date Modifications for the year(s) being amended (additions and subtractions). Also, see the instructions for Form 500 and Schedule 500ADJ. Fixed date conformity items to be included are: (1) Special 30% or 50% bonus depreciation for assets under IRC § 168(k), (2) Disposed asset that received the special 30% to 50% bonus depreciation, (3) Income tax deductions related to applicable high yield discount obligations under IRC § 163(e)(5)(F), and (4) Other changes not listed.
Please refer to the Supplemental Fixed Date Conformity Instructions on the Department's website, www.tax.virginia.gov for information on any other additions and subtractions due to federal tax legislation passed after the printing deadline for these instructions. The Department's website will also reflect any action by the Virginia General Assembly to advance the date of conformity to the IRC that may take place before the due date for your return. Enter any amounts described in the Supplemental Fixed Date Conformity Instructions. Also, please attach a schedule and explanation of such additions and subtractions.
 - (c) Reserved for Future Use.
 - (d) Enter the Fixed Date Conformity federal taxable income for Virginia purposes. [Line 5(a) plus or minus Line 5(b)]
 6. Enter the amount of net operating loss (after adjustment for fixed date conformity as shown on Line 2(d)). Do not exceed the amount of income shown on Line 5(d). Any portion of Line 2(d) that is not deducted on this Form 500NOLD may be available for deduction in a taxable year subsequent to the year of loss.
 7. Subtract Line 6 from Line 5(d).
 8. Divide Line 6 by Line 2(d). Compute percentage to one decimal place.
 9. Enter the net additions and subtractions from the taxable year entered on Line 4. **DO NOT** include Fixed Date Conformity Modifications. The amount of Fixed Date Conformity additions and subtractions claimed on Schedule ADJ should be excluded from this amount. If modifications for cancellation of debt income or the domestic production activities deduction were claimed on Schedule ADJ as other subtractions or additions to federal taxable income, these should also be excluded from the amount entered on this line because these are also Fixed Date Conformity modifications. For Taxable Year 2004 and beyond, if you made any payments to an affiliated corporation or related individual or other related entity for interest, royalties or other expenses related to intangible property, include the modification here. Please include any prior modifications from NOLD's that were previously absorbed.
 10. Multiply Line 3 by the percentage on Line 8.
 11. Add Lines 7, 9, and 10. If the corporation is a multi-state corporation, complete Lines 12 through 17. If not, go to Line 18 for the tax computation.
 12. Enter the total allocable income from Schedule 500A for the year shown on Line 4. If federal taxable income has been reduced to zero (Line 7), make no entry as there is no income to be allocated.
 13. Subtract Line 12 from Line 11.
 14. Enter the apportionment percentage from Schedule 500A for the year shown on Line 4.
 15. Multiply the amount on Line 13 by the percentage on Line 14.
 16. Enter the income allocated to Virginia. If federal taxable income has been reduced to zero (Line 7), make no entry as there is no income to be allocated.
 17. Add Lines 15 and 16.
 18. Multiply the amount on Line 11 or Line 17 by 6% and enter the result.
 19. (a) Enter the nonrefundable credits from any Telecommunications Companies Income Tax Credit along with any other nonrefundable credits reported on Form 500CR.
 - (b) Enter any refundable credits from the Coalfield Employment Enhancement Tax Credit along with any other refundable credits reported on Form 500CR. Check the Coalfield Credit Claimed or Earned box in the upper left corner on Form 500NOLD if claiming a refundable Coalfield Employment Enhancement Tax Credit.
 - (c) Enter the total of Line 19(a) and Line 19(b).
Reminder: Due to the reduced tax liability in carryback and carryforward years, the credits previously claimed in those years may need to be adjusted as well as the credit carryover amounts. An amended Form 500 should be filed indicating the change in the amount of credits claimed and the corrected carryover amounts. Attach a revised 500CR for the carryback year(s) to show the corrected credit and carryover amount after the NOL carryback has been applied. You must also attach a revised Schedule 500CR to the amended returns filed to report the changes to the credit(s) claimed or carryover amount resulting from the NOL carryback.
 20. Subtract Line 19(c) from Line 18 and enter the result.
 21. Enter the amount of tax previously paid for the year shown on Line 4.
 22. Subtract Line 20 from Line 21. This is the refund amount.