



# RINA Alert!

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## ***NOL CARRYBACK PERIOD CHANGES***

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The federal legislation signed by the President on November 6, 2009 extended the carry back of net operating losses. The IRS issued regulations on November 25.

### **What the law was:**

Before 2008: the net operating loss carry back period was two years

For 2008 (law enacted in February, 2009): the net operating carry back period was extended to the 5th, 4th and 3rd years preceding the year of the loss for ***eligible small business net operating losses***. To have an eligible small business net operating loss, a taxpayer must have less than \$15M of gross receipts. Gross receipts include the taxpayer's share of the gross receipts from pass-through entities, such as S corporations, partnerships and LLCs.

### **What the law is after the 11/06/09 law change:**

1. The extended carry back period to the 5th, 4th and 3rd years preceding the loss year for eligible small business loss taxpayers is granted for 2009 net operating losses.
2. The extended carry back period to the 5th, 4th and 3rd years preceding the loss year granted to taxpayers with gross receipts in excess of \$15M. Limitation, ***the extended carry back period is limited to the net operating loss of ONE year, 2008 or 2009***. The loss carried back to the 5th year preceding the loss year is limited to 50% of the reported taxable income.

Please contact a RINA representative if you have questions regarding the extended carry back periods for net operating losses of 2008 and 2009 and/or how S corporation shareholders may create basis for deducting their share of the net operating loss.

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