

2018 Instructions for Form FTB 3805Q

Net Operating Loss (NOL) Computation and NOL and Disaster Loss Limitations — Corporations

References in these instructions are to the Internal Revenue Code (IRC) as of **January 1, 2015**, and to the California Revenue and Taxation Code (R&TC).

What's New

Federal Tax Reform - For taxable years beginning on or after January 1, 2018, the Tax Cuts and Jobs Act made changes to the rules for Net Operating Losses (NOLs). California law does not conform to those changes. California taxpayers continue to compute NOLs in conformity to federal rules as of the specified date of January 1, 2015, with modifications. For more information, go to ftb.ca.gov and search for **2017 Summary of Federal Income Tax Changes**.

General Information

In general, for taxable years beginning on or after January 1, 2015, California law conforms to the Internal Revenue Code (IRC) as of January 1, 2015. However, there are continuing differences between California and federal law. When California conforms to federal tax law changes, we do not always adopt all of the changes made at the federal level. For more information, go to ftb.ca.gov and search for **conformity**. Additional information can be found in FTB Pub. 1001, Supplemental Guidelines to California Adjustments, the instructions for California Schedule CA (540 or 540NR), and the Business Entity tax booklets.

The instructions provided with California tax forms are a summary of California tax law and are only intended to aid taxpayers in preparing their state income tax returns. We include information that is most useful to the greatest number of taxpayers in the limited space available. It is not possible to include all requirements of the R&TC in the instructions. Taxpayers should not consider the instructions as authoritative law.

- For taxable years beginning on or after January 1, 2014, and before January 1, 2024, taxpayers may deduct a disaster loss for any loss sustained in any city, county, or city and county in California that is proclaimed by the Governor to be in a state of emergency. For these Governor-only declared disasters, subsequent state legislation is not required to activate the disaster loss provisions. Any law that suspends, defers, reduces, or otherwise diminishes the deduction of a net operating loss (NOL) shall not apply to an NOL attributable to these specified disaster losses. The President's declaration continues to activate the disaster loss provisions. For a list of disasters declared by the President and/or the Governor, see the Declared Disasters list in Specific Line Instructions. For the most current listing of disasters that may have occurred after the finalization date of this publication, go to ftb.ca.gov and search for **disaster loss for businesses**.

Get FTB Pub. 1034, Disaster Loss How to Claim a State Tax Deduction, for more information.

- A corporation or exempt organization that expects an NOL in the 2019 taxable year, can file form FTB 3593, Extension of Time for Payment of Taxes by a Corporation Expecting a Net Operating Loss Carryback, to extend the time for payment of taxes for the immediately preceding 2018 taxable year. This includes extending the time for payment of a tax deficiency. The payment of tax that can be postponed cannot exceed the expected overpayment from the carryback of the NOL. For more information, get form FTB 3593.
- California will allow NOLs incurred in taxable years beginning on or after January 1, 2013, to be carried back to each of the preceding two taxable years. For NOLs incurred in taxable years beginning on or after January 1, 2015, the carryback amount is 100% of the NOL. For more information, see Specific Line Instructions and the NOL Carryback table.
- The California NOL is figured the same way as the federal NOL, except that for California the carryback/carryover period and the amount to be carried back/carried over differ from federal allowances. See the NOL Carryback and NOL Carryover tables for more information.
- For taxable years beginning in 2010 and 2011, California suspended the NOL carryover deduction. Corporations continued to compute and carryover NOLs during the suspension period. **However**, corporations with net income after state adjustments (pre-apportioned income) of less than \$300,000 or with disaster loss carryovers were not affected by the NOL suspension rules.
If taxpayers are required to be included in a combined report, the 2010 and 2011 NOL limitation amount of \$300,000 or more shall apply to the aggregate amount of pre-apportioned income for **all** members included in the combined report.
For taxable years beginning in 2008 and 2009, California suspended the NOL carryover deduction. Corporations continued to compute and carryover an NOL during the suspension period. **However**, corporations with taxable income of less than \$500,000 or with disaster loss carryovers were not affected by the NOL suspension rules.
- For NOLs incurred in taxable years beginning on or after January 1, 2008, California has extended the NOL carryover period from 10 taxable years to 20 taxable years following the year of the loss.

The carryover period for any NOL or NOL carryover, for which a deduction is disallowed because of the 2008-2011 suspension, are extended by:

- One year for losses incurred in taxable years beginning on or after January 1, 2010, and before January 1, 2011.
- Two years for losses incurred in taxable years beginning before January 1, 2010.
- Three years for losses incurred in taxable years beginning before January 1, 2009.
- Four years for losses incurred in taxable years beginning before January 1, 2008.

For more information, get FTB Legal Ruling 2011-04.

- For taxable years that began in 2002 and 2003, California suspended the NOL carryover deduction. Corporations continued to compute and carryover an NOL during the suspension period. **However**, the deduction for disaster losses was not affected by the NOL suspension rules.

The carryover period for an NOL incurred in taxable years:

- Beginning before January 1, 2002, have been extended for two years.
- Beginning on or after January 1, 2002, and before January 1, 2003, have been extended for one year.

For more information, get FTB Legal Ruling 2011-04.

- The general NOL carryover percentage varies for NOLs incurred prior to January 1, 2004. See the NOL Carryover table for more information.
- The Franchise Tax Board (FTB) implemented the Principal Business Activity (PBA) Codes chart that is based on the North American Industry Classification System (NAICS) in the corporate tax booklets. However, the California Revenue and Taxation Code (R&TC) still uses the Standard Industrial Codes (SIC) for purposes of the new business and eligible small business NOL.

A Purpose

Use form FTB 3805Q, Net Operating Loss (NOL) Computation and NOL and Disaster Loss Limitations — Corporations, to figure the current year NOL and to limit NOL carryback/carryover and disaster loss carryover deductions.

Exempt trusts should use form FTB 3805V, Net Operating Loss (NOL) Computation and NOL and Disaster Loss Limitations — Individuals, Estates, and Trusts.

If the corporation elected to compute the NOL under the Enterprise Zone or Local Agency Military Base Recovery Area provisions prior to the 2014 taxable year, get form FTB 3805Z,

Enterprise Zone Deduction and Credit Summary, or form FTB 3807, Local Agency Military Base Recovery Area Deduction and Credit Summary, for more information.

B Apportioning Corporations

The loss carryover for a corporation that apports income is the amount of the corporation's loss, if any, after adding income or loss apportioned to California with income or loss allocable to California under Chapter 17 of the Corporation Tax Law. The loss carryover may be deducted from income of that corporation apportioned and allocable to California in subsequent taxable years.

C Combined Reporting

Corporations that are members of a unitary group filing a single tax return must use intrastate apportionment, separately computing the loss carryover for each corporation in the group using its individual apportionment factors (R&TC Section 25108). Complete a separate form FTB 3805Q for **each** taxpayer included in the combined report. Attach the separate forms for each taxpayer member **behind** the combined form FTB 3805Q for all members.

Unlike the loss treatment for a federal consolidated tax return, a California loss carryover for one member in a combined report may not be applied to the income of another member included in the combined report. Get FTB Pub. 1061, Guidelines for Corporations Filing a Combined Report, for more information.

Note. If taxpayers are required to be included in a combined report, the 2010 and 2011 NOL limitation amount of \$300,000 or more shall apply to the aggregate amount of pre-apportioned income for **all** members included in the combined report.

D Water's-Edge

For water's-edge taxpayers, R&TC Section 24416(c) imposes a limitation on the NOL deduction if the NOL is generated during a non-water's-edge taxable year. The NOL carryover is limited to the lesser amount as re-determined by computing the income and factors of the original worldwide combined reporting group as if the water's-edge election had been in force for the taxable year of the loss. If R&TC Section 24416(c) applies, the NOL carryover for each corporation may be decreased, but not increased.

E S Corporations

An S corporation is allowed to carryover a loss that is incurred during a taxable year in which it has in effect a valid election to be treated as an S corporation. The loss is also separately calculated under the pass-through rules and passed to the shareholders in the year incurred and is taken into account in determining each shareholder's NOL carryover, if any.

If a corporation changes from a C corporation to an S corporation, the loss incurred while the corporation was a C corporation may not be

applied to offset income subject to the 1.5% tax imposed on an S corporation. However, losses incurred while the corporation was a C corporation may be applied against the built-in gains which are subject to tax. If the corporation incurred losses while it was a C corporation and an S corporation, and the S corporation is using C corporation losses to offset its built-in gains, the S corporation must complete two forms FTB 3805Q and attach them to Form 100S, California S Corporation Franchise or Income Tax Return. The unused losses incurred while the S corporation was a C corporation are "unavailable" except as provided for above unless and until the S corporation reverts back to a C corporation or the carryover period expires.

However, if an S corporation changes to a C corporation, any S corporation NOLs are lost.

F Types of NOLs

The NOL Carryback and NOL Carryover tables in these instructions show the types of NOLs available, a description, the taxable year the NOLs were incurred, the percentages and carryback/carryover periods for each type of loss.

Specific Line Instructions

Part I – Current year NOL

Use Part I to figure the current year NOL eligible for carryback or carryover.

Line 2 – If the corporation incurred a disaster loss during the 2018 taxable year, enter the amount of the loss on this line. Enter as a positive number.

Line 3 – If the amount is zero or less, the corporation does not have a current year general NOL. Go to Part II for computation of general NOL carryovers, the current year disaster loss, and carryover from disaster losses.

Line 6 – Enter the current year NOL on line 6. California will allow NOLs incurred in the current year to be carried back to each of the preceding two taxable years.

NOL carryback general rule: The corporation must first carry back the entire NOL incurred in 2018 to the preceding two years. Any loss not applied in the preceding two years can be carried forward up to 20 years. To determine the amount of NOL incurred in 2018 that can be carried back, complete Part III, NOL carryback, **before** completing Part I, lines 7 - 9.

Amended return – The corporation claims the NOL carryback by amending the 2016 and/or 2017 tax return using Form 100X, Amended Corporation Franchise or Income Tax Return, or Form 109, California Exempt Organization Business Income Tax Return.

Note: If the corporation claims the NOL as a carryback in any of the previous two years, file the applicable 2018 tax return and attach the completed 2018 form FTB 3805Q to the tax return.

After the 2018 tax return is filed, file the amended return for 2016 and/or 2017 to claim the NOL carryback deduction and provide the following explanation on Form 100X, Part V, line 2, Explanation of Changes: "2018 NOL carryback deduction". For amended Form 109, attach a statement and provide the following explanation: "2018 NOL carryback deduction". **Do not** attach the 2018 form FTB 3805Q to the 2016 or 2017 amended return. Attaching form FTB 3805Q may delay processing of the amended return.

Election to waive/relinquish NOL carryback: If the corporation would like to make the election to waive the two year carryback period for NOL incurred in 2018, check the box under the Election to waive carryback section. By making the election, the corporation is electing to carry an NOL forward instead of carrying it back in the previous two years. Once the election is made, it's **irrevocable**.

If the corporation elects to waive the two-year carryback period and **carry the NOL forward**, go to Part II, Current Year NOLs, to record the corporation's 2018 NOL carryover to 2019. Complete columns (b), (c), (d), and (h) only, for each type of loss that the corporation incurred.

If the corporation has an eligible qualified new business or a small business and the NOL is greater than the amount of net loss from such a business, use the general NOL first. If the corporation operates one or more new businesses and one or more eligible small businesses, determine the amount of the loss attributable to the new business(es), the small business(es), and the general NOL in the following manner. The NOL is first treated as a new business NOL to the extent of the loss from the new business. Any remaining NOL is then treated as an eligible small business NOL to the extent of the loss from the eligible small business. Any further remaining NOL is treated as an NOL under the general rules.

Line 9 – Go to Part II, Current Year NOLs, to record the corporation's 2018 NOL carryover to 2019. Complete columns (b), (c), (d), and (h) only, for each type of loss that the corporation incurred. See Part III, line 3, column (c) and column (i) for each type of loss that the corporation incurred.

Part II – NOL carryover and disaster loss carryover limitations

Use Part II to limit current year disaster loss and NOL carryover deductions to current year income and to record all of the corporation's loss carryover information.

If the corporation has losses from more than one source and/or more than one category, the corporation must compute the allowable NOL carryover for **each** loss separately.

When to use an NOL carryover

Use the corporation's NOLs and disaster losses in the order the losses were incurred. There

is no requirement to deduct NOL carryovers before disaster loss carryovers.

Line 2 – Prior Year NOLs

Column (a) – Enter the year the loss was incurred.

Column (b) – If the loss is due to a disaster, enter the disaster code from the following Declared Disasters list. If the loss is from a new business or eligible small business, enter the SIC Code for the new business or eligible small business from the Standard Industrial Classification Manual. **Do not** enter the code from the PBA Codes chart available in the 2018 Form 100, Form 100W, or Form 100S Tax Booklets.

Declared Disasters:

Year	Code	Event
2018	106	Holy Fire (Orange and Riverside Counties) 08/18*
2018	105	River, Ranch & Steele Fires (Lake, Mendocino, and Napa Counties) 07/18*
2018	104	Ferguson Fire (Mariposa County) 07/18*
2018	103	Carr Fire (Shasta County) 07/18*
2018	102	Cranston Fire (Riverside County) 07/18*
2018	101	Monsoonal Rainstorm (San Bernardino County) 07/18*
2018	100	Holiday Fire (Santa Barbara County) 07/18*
2018	99	West Fire (San Diego County) 07/18*
2018	98	Klamathon Fire (Siskiyou County) 07/18*
2018	97	Pawnee Fire (Lake County) 06/18*
2018	96	March Winter Storms (Amador, Fresno, Kern, Mariposa, Merced, Stanislaus, Tulare and Tuolumne Counties) 03/18*
2018	95	Southern California Mudslides (Ventura and Santa Barbara Counties) 01/18*
2017	94	Lilac Fire (San Diego County) 12/17*
2017	93	Creek & Rye Fires (Los Angeles County) 12/17*
2017	92	Thomas Fire (Ventura and Santa Barbara Counties) 12/17*
2017	91	Severe Winter Storms and Snowmelt (Inyo and Mono Counties) 10/17*
2017	90	Solano County Atlas Fire (Solano County) 10/17*
2017	89	Cherokee, LaPorte, Sulphur, Potter, Cascade, Lobo & Canyon Fires (Butte, Lake, Mendocino, Nevada, and Orange Counties) 10/17*
2017	88	Tubbs, Atlas & Multiple Other Fires (Napa, Sonoma, and Yuba Counties) 10/17*
2017	87	Railroad, Pier, Mission & Peak Fires (Madera, Mariposa, Tulare Counties) 08/17 & 09/17*
2017	86	La Tuna Fire (Los Angeles County) 09/17*
2017	85	Ponderosa Fire (Butte County) 08/17*
2017	84	Helena Fire (Trinity County) 08/17*
2016	83	Siskiyou County Rainstorm (Siskiyou County) 12/16* (declared 08/17)

2017	82	San Bernardino County Rainstorm (San Bernardino County) 07/17*
2017	81	Modoc County Fires (Modoc County) 07/17*
2017	80	Detwiler Fire (Mariposa County) 07/17*
2017	79	Alamo & Whittier Fires (Santa Barbara County) 07/17*
2017	78	Wall Fire (Butte County) 07/17*
2017	77.1	February Winter Storms (Alameda, Amador, Alpine, Butte, Calaveras, Colusa, Del Norte, El Dorado, Fresno, Glenn, Humboldt, Kern, Kings, Lake, Lassen, Los Angeles, Marin, Mariposa, Mendocino, Merced, Modoc, Mono, Monterey, Napa, Nevada, Placer, Plumas, Sacramento, San Benito, San Bernardino, San Diego, San Joaquin, San Luis Obispo, San Mateo, Santa Barbara, Santa Clara, Santa Cruz, Shasta, Sierra, Siskiyou, Sonoma, Stanislaus, Sutter, Tehama, Trinity, Tuolumne, Ventura, Yolo, and Yuba Counties) 02/17*
2017	77	January Winter Storms (Alameda, Alpine, Butte, Calaveras, Contra Costa, El Dorado, Fresno, Humboldt, Inyo, Kern, Kings, Lake, Lassen, Los Angeles, Madera, Marin, Mendocino, Merced, Modoc, Mono, Monterey, Napa, Nevada, Orange, Placer, Plumas, Riverside, Sacramento, San Benito, San Bernardino, San Diego, San Francisco, San Luis Obispo, San Mateo, Santa Barbara, Santa Clara, Santa Cruz, Shasta, Sierra, Siskiyou, Solano, Sonoma, Stanislaus, Sutter, Tehama, Trinity, Tulare, Tuolumne, Ventura, Yolo, and Yuba Counties) 01/17*
2016	76	December Winter Storms (Del Norte, Humboldt, Mendocino, Shasta, Santa Cruz, and Trinity Counties) 12/16*
2016	75	Blue Cut Fire (San Bernardino County) 08/16*
2016	74	Clayton Fire (Lake County) 08/16*
2016	73	Chimney Fire (San Luis Obispo County) 08/16*
2016	72	Soberanes Fire (Monterey County) 07/16*
2016	71	Sand Fire (Los Angeles County) 07/16*
2016	70	Erskin Fire (Kern County) 06/16*
2015	69	City of Carlsbad Rainstorms (San Diego County) 12/15*
2015	68	Inyo, Kern, and Los Angeles Counties Rainstorms 10/15*
2015	67	Valley Fire (Lake and Napa Counties) 09/15*
2015	66	Butte Fire (Amador and Calaveras Counties) 09/15*
2015	65	Imperial, Kern, Los Angeles, Riverside, San Bernardino, and San Diego Counties Severe Storms 07/15*
2015	64	Lake and Trinity Counties Wildfires 07/15*
2015	63	Butte, El Dorado, Humboldt, Lake, Madera, Napa, Nevada, Sacramento, San Bernardino, San Diego, Shasta, Solano, Tulare, Tuolumne, and Yolo Counties Wildfires 06/15*
2015	62	Santa Barbara County Oil Spill 05/15*

2015	61	Humboldt, Mendocino, and Siskiyou Counties Severe Rainstorms 02/15*
2015	60	Mono County Wildfire 02/15*
2014	59	Severe Winter Storms (Alameda, Contra Costa, Del Norte, Humboldt, Lake, Los Angeles, Marin, Mendocino, Monterey, Orange, San Francisco, San Mateo, Santa Clara, Shasta, Sonoma, Tehama, Ventura, and Yolo Counties) 11/14*
2014	58	King and Boles Wildfires (El Dorado and Siskiyou Counties) 09/14*
2014	57	Napa, Solano, and Sonoma Counties Earthquake 08/14 to 09/14*
2014	56	Siskiyou County Wildfires 08/14*
2014	55	Northern California Wildfires (Amador, Butte, El Dorado, Humboldt, Lassen, Madera, Mariposa, Mendocino, Modoc, Shasta, and Siskiyou Counties) 07/14*
2014	54	San Diego County Wildfires 05/14***
2014	53	Los Angeles County Severe Rainstorms 02/14*
2013	52	Tuolumne, Mariposa, and San Francisco Counties Rim Fire 08/13 to 10/13 **
2011	51	Los Angeles and San Bernardino County Severe Winds 11/11***
2011	50	Santa Cruz County Severe Storms 03/11***
2011	49	Mendocino County Tsunami Wave Surge 03/11
2011	48	Del Norte and Santa Cruz County Tsunami Wave Surge 03/11**
2011	47	Severe Winter Storms, Flooding, Debris, and Mud Flows 12/10 to 01/11**
2010	46	San Bruno Explosion
2010	45	Kern County Wildfires
2010	44	CA Winter Storms 01/10 to 02/10
2009	43	Los Angeles, Monterey and Placer County Wildfires
2010	42	Baja California (Imperial County) Earthquake 2010
2010	41	Humboldt County Earthquake
2009	40	Santa Barbara Wildfires
2008	39	Southern California Wildfires 10/08 to 11/08
2008	38	Humboldt County Wildfires
2008	37	California Wildfires 2008
2007	36	Riverside County Winds
2008	35	Inyo Complex Fire
2007	34	Southern California Wildfires
2007	33	Santa Barbara and Ventura County Fires
2007	32	El Dorado County Wildfires
2007	31	California Severe Freeze 01/07
2006	30	Riverside and Ventura County Wildfires
2006	29	San Bernardino County Wildfires
2006	28	Northern California flooding, mudslides, and landslides (03/06 to 04/06)
2006	27	Northern California flooding, mudslides, and landslides (12/05 to 01/06)
2004	26	Shasta County Wildfires
2005	25	Southern California flooding, debris flows, and mudslides
2004	24	San Joaquin Levee Break
2003	23	San Simeon earthquake (expired) ****
2003	22	Southern California fires and other related casualties (expired) ****

*For taxable years beginning on or after January 1, 2014, and before January 1, 2024, corporations may deduct a disaster loss for Governor declared disasters. For these Governor declared disasters, subsequent state legislation is not required to activate the disaster loss provisions. Any law that suspends, defers, reduces, or otherwise diminishes the deduction of an NOL shall not apply to an NOL attributable to these specified disaster losses. For more information, see R&TC Section 24347.14 or the NOL Carryover table.

**Carryover period and percentage are limited to the NOL rules. No special state legislation was enacted.

***The Santa Cruz County Severe Storms (occurred in March 2011), the Los Angeles and San Bernardino County Severe Winds (occurred in November 2011), and the San Diego County Wildfires (occurred in May 2014), disaster loss deductions are allowed at 100% in the year the loss was incurred, or corporations can elect to deduct the disaster loss in the prior year under IRC Section 165(i). Any provision of law that suspends, defers, reduces, or otherwise diminishes the deduction of an NOL does not apply to an NOL attributable to these four counties. Refer to R&TC Sections 24347.11, 24347.12, and 24347.13 for more information.

If the Santa Cruz County Severe Storms or the Los Angeles and San Bernardino County Severe Winds disaster loss deduction creates an NOL (whether in the year of the loss or the prior year), the applicable NOL carryforward rule for the taxable year the NOL was created would apply. The NOL can be carried over for 20 years.

If the San Diego County Wildfires disaster loss deduction creates an NOL (whether in the year of the loss or the prior year), the applicable NOL carryback and carryforward rules for the taxable year the NOL was created would apply. The corporation must carryback the NOL attributable to the disaster loss for two years or elect to carryforward the NOL for 20 years.

**** Corporations that elected to deduct the disaster loss in the prior year under IRC Section 165(i), the final year to deduct the disaster loss carryover was last year. Corporations that did not elect IRC Section 165(i), the final year to deduct the disaster loss carryover is this year.

Column (c) – Enter the type of NOL: General (GEN), New Business (NB), Eligible Small Business (ESB), or Disaster (DIS). For more information, see the NOL Carryover table.

If using an Economic Development Area (EDA) NOL, get the applicable form for the NOL type.

Column (d) – Enter 100% of the initial loss for the year given in column (a).

Column (e) – Enter the NOL carryover amount from the 2017 form FTB 3805Q, Part II, column (h).

Column (f) – Enter the smaller of the amount in column (e) or the amount in column (g) of the previous line.

Column (g) – Enter the result of subtracting column (f) from the balance in column (g) of the previous line.

Column (h) – Subtract the amount in column (f) from the amount in column (e) and enter the result.

Current Year NOLs

If a disaster loss occurs between the date of the publication and the end of the taxable year, go to ftb.ca.gov and search for **disaster loss for businesses**, for the updated disaster chart. Then follow the line 3 instructions.

Line 3 – Current Year Disaster Loss

If the corporation deducts the current year disaster loss on the current year tax return (**did not elect IRC Section 165(i)**):

- In column (d), enter your 2018 disaster loss from Part I, line 2.
- In column (f), enter the disaster loss used in 2018.
- In column (h), enter column (d) less column (f).

Any remaining disaster loss amount would create an NOL for that taxable year. If the disaster loss deduction creates an NOL in the year of the loss, the applicable NOL carryback and carryforward rules for the taxable year the NOL was created would apply. The corporation must carryback the 2018 NOL attributable to the disaster loss for two years or elect to waive the carryback period and carryforward the NOL for 20 years. The corporation computes the NOL carryback in Part III or makes the election to waive the carryback period and carryforward the NOL in Part I.

If the corporation still has remaining disaster NOL after applying the two-year carryback, replace the amount in column (h) with the disaster NOL carryover amount from Part III, line 3, column (i).

If the corporation **elected under IRC Section 165(i)** to deduct the 2018 disaster loss on the 2017 tax return, any remaining disaster loss amount would create an NOL to which the applicable NOL carryback and carryforward rules for the taxable year the NOL was created would apply. The corporation must carryback the 2017 NOL attributable to the disaster loss for two years or elect to waive the carryback period and carryforward the NOL for 20 years.

If the corporation elects to waive the two year carryback period and carry the NOL forward, the corporation enters the disaster loss amount to be carried over to 2018 in Part II, line 2, column (e). Use the Prior Year NOL instructions for column (a) through column (h) except:

- In column (a), enter 2018.
- In column (b), enter the new disaster code.
- In column (d), enter the total disaster loss incurred in 2018.

Part III – NOL carryback

Line 3

General rule: The 2018 NOL must be carried back to the second preceding taxable year before the loss year. Any loss not used in the second preceding taxable year is then carried to the first preceding taxable year. Any loss not applied in the two preceding years is carried forward.

Column (b) – If the loss is from a new business or eligible small business, enter the SIC Code for the new business or eligible small business from the Standard Industrial Classification Manual. **Do not** enter the code from the PBA Codes chart available in the 2018 Form 100, Form 100W, or Form 100S Tax Booklets.

If the loss is due to a disaster, enter the disaster code from the Declared Disasters list included in these instructions.

Column (c) – Enter the type of NOL: General (GEN), New Business (NB), Eligible Small Business (ESB), or NOL attributable to a qualified disaster loss (DIS). For more information, see the NOL Carryback table on the next page.

Column (d) – Enter 100% of the initial loss for the year given in column (a).

For NOL attributable to a qualified disaster loss, enter the remaining disaster loss amount here (as applicable). The remaining disaster loss amount is figured by taking the initial current year disaster loss less the amount used in the current year (if applicable).

Column (e) – Enter the amount from line 3, column (d) or line 1, whichever is less. This is the amount of 2018 NOL carryback used for 2016. Also enter this amount on the:

- 2016 Form 100X, line 7, and amended 2016 tax return: Form 100, line 19; Form 100W, line 19; Form 100S, line 17; or Form 109, line 7.
- 2016 Form 100X, line 9, and amended 2016 tax return: Form 100, line 21; Form 100W, line 21; Form 100S, line 19; or Form 109, line 7; (**for NOL attributable to a qualified disaster loss**).

If the current year NOL is comprised of more than one type of loss, list each loss separately. To compute the amount of net income or taxable income available for offset by the NOL carryback, reduce the amount on line 1, 2016 net income or taxable income, by the amount of column (e) carryback used for the first type of loss and all subsequent types of losses. The total amount of NOL carryback used in column (e) should not exceed the 2016 net income or taxable income from line 1.

Column (f) – Subtract column (e) from column (d).

Column (g) – Enter the amount from line 3, column (f) or line 2, whichever is less. This is the amount of 2018 NOL carryback used for 2017. Also enter this amount on the:

- 2017 Form 100X, line 7, and amended 2017 tax return: Form 100, line 19; Form 100W, line 19; Form 100S, line 17; or Form 109, line 7.
- 2017 Form 100X, line 9, and amended 2017 tax return: Form 100, line 21; Form 100W, line 21; Form 100S, line 19; or Form 109, line 7; **(for NOL attributable to a qualified disaster loss).**

If the current year NOL is comprised of more than one type of loss, list each loss separately. To compute the amount of net income or taxable income available for offset by the NOL carryback, reduce the amount on line 2, 2017 net income or taxable income, by the amount of column (g) carryback used for the first type of loss and all subsequent types of losses. The total amount of NOL carryback used in column (g) should not exceed the 2017 net income or taxable income from line 2.

Column (h) – Subtract column (g) from column (f).

Column (i) – Subtract the sum of column (e) and column (g) from column (d).

NOL Carryback

Type of NOL and Description	Taxable Year NOL Incurred	NOL Carried Back shall not exceed	Carryback Period
General (GEN), New Business (NB), and Eligible Small Business (ESB) NOLs incurred in taxable years beginning on or after January 1, 2013, are carried back to each of the preceding two taxable years. The allowable NOL carryback percentage varies. For more information, see R&TC Section 24416 and get FTB Legal Ruling 2011-04 (see Situation 3).	On or after 01/01/2013 and before 01/01/2014	50%	2 Years
NOL attributable to a qualified disaster loss (DIS) For taxable years beginning on or after January 1, 2013, if the disaster loss deduction creates an NOL (whether in the year of the loss or the prior year), the applicable NOL carryback rules for the taxable year the NOL was created would apply.	On or after 01/01/2014 and before 01/01/2015	75%	2 Years
	On or after 01/01/2015	100%	2 Years

(continued on the next page)

NOL Carryover

Type of NOL and Description *Note: The carryover period for any NOL or NOL carryover, for which a deduction is disallowed because of the 2008-2011 suspension, is extended. For more information, see General Information.	Taxable Year NOL Incurred	NOL Carried Over	Carryover* Period
General Available as a result of a loss incurred in taxable years after 1986 and allowed under R&TC Section 24416. Does not include losses incurred from activities that qualify as a new business, an eligible small business, EZ, LARZ, LAMBRA, TTA, or disaster loss.	On or after 01/01/2008 2004-2007 2002-2003 2000-2001 1987-1999	100% 100% 60% 55% None	20 Years 10 Years Expired Expired Expired
Disaster Losses Casualty losses in areas of California declared by the President of the United States or the Governor of California to be in a state of disaster. For taxable years beginning on or after January 1, 2014, and before January 1, 2024, if the disaster is declared by the Governor of California only, no subsequent state legislation is required for the disaster loss provisions to be activated. For taxable years before 2014, if the disaster was declared by the Governor only, subsequent state legislation was required for the disaster provision to be activated. An election may be made under IRC Section 165(i) permitting the disaster loss to be taken against the previous year's income. If the corporation made this election, see Part II, Current Year NOLs, line 3 instructions and federal Form 4684, Casualties and Thefts, instructions for when the election must be filed. If special legislation is enacted and the specified disaster loss exceeds income in the year it is claimed, 100% of the excess may be carried over for up to five taxable years. If any excess loss remains after the five-year period, 50% of that remaining loss may be carried over for up to ten additional taxable years for losses incurred in any taxable year beginning before January 1, 2000; 55% for losses incurred in any taxable year beginning on or after January 1, 2000, and before January 1, 2002; 60% for losses incurred in any taxable year beginning on or after January 1, 2002, and before January 1, 2004; or 100% for losses incurred in any taxable year beginning on or after January 1, 2004. The following rules would apply if state legislation is enacted; or the President declared an area a major disaster; or the Governor declared an area a major disaster for taxable years beginning on after January 1, 2014: The corporation can claim 100% of the disaster loss deduction in the year the loss was incurred, or make an election under IRC Section 165(i) to claim the disaster loss deduction against the previous year's income. For taxable years beginning on or after January 1, 2011, if the disaster loss deduction creates an NOL (whether in the year of the loss or the prior year), the applicable NOL carryforward rule for the taxable year the NOL was created would apply. The NOL can be carried over for 20 years. For taxable years beginning on or after January 1, 2013, if the disaster loss deduction creates an NOL (whether in the year of the loss or the prior year), the applicable NOL carryback and carryforward rules for the taxable year the NOL was created would apply. The corporation must carryback the NOL attributable to the disaster loss for two years or elect to carryforward the NOL for 20 years. See NOL Carryback Table and Specific Line Instructions for more information.	See "Declared Disasters list" under Part II instructions Prior to 01/01/2011 On or after 01/01/2011	100% See Description See Description	First 5 Years 10 Years Thereafter See Description
New Business Get FTB Legal Ruling 96-5 for more information. NB means any trade or business activity that is first commenced in California on or after January 1, 1994. 100% of an NB NOL may be carried over, but only to the extent of the net loss from the new business. The term "new business" also includes any taxpayer engaged in biopharmaceutical activities or other biotechnology activities described in Codes 2833 to 2836 of the SIC Manual. Also, it includes any taxpayer that has not received regulatory approval for any product from the United States Food and Drug Administration. See R&TC 24416(g)(7)(A) for more information. If a taxpayer's NOL exceeds the net loss from the new business, the excess may be carried over as a general NOL. If a taxpayer acquires assets of an existing trade or business which is doing business in California, the trade or business conducted by the taxpayer or related person is not a new business if the fair market value (FMV) of the acquired assets exceeds 20% of the FMV of the total assets of the trade or business conducted by the taxpayer or any related person. To determine whether the acquired assets exceed 20% of the total assets, include only the assets that continue to be used in the same trade or business activity as were used immediately prior to the acquisition. For this purpose, the same trade or business activity means the same division classification listed in the SIC Manual. If a taxpayer or related person has been engaged in a trade or business in California within the preceding 36 months and then starts an additional trade or business in California, the additional trade or business qualifies as a new business only if the activity is classified under a different division classification of the SIC Manual. Business activities conducted by the taxpayer or related persons wholly outside California are disregarded in determining whether the trade or business conducted within California is a new business. Related persons are defined in IRC Sections 267 or 318.	On or after 01/01/2008 On or after 01/01/2000 ¹ and before 01/01/2008 On or after 01/01/1994 and before 01/01/2000 Year of business Year 1 Year 2 Year 3	100% 100% For the first three years of business None None None	20 Years 10 Years Expired Expired Expired
Eligible Small Business Get FTB Legal Ruling 96-5 for more information. An ESB NOL is an NOL incurred in a trade or business activity that has gross receipts, less returns and allowances, of less than \$1 million during the taxable year. 100% of an ESB NOL may be carried over, but only to the extent of the net loss from the eligible small business. If a taxpayer's NOL exceeds the net loss from an eligible small business, the excess may be carried over as a general NOL. The corporation should use the same SIC Code division classifications described in the New Business NOL section to determine what constitutes a trade or business activity.	On or after 01/01/2008 On or after 01/01/2000 ¹ and before 01/01/2008 On or after 01/01/1994 and before 01/01/2000	100% 100% None	20 Years 10 Years Expired

¹ For NB or ESB NOL incurred on or after 01/01/2000 and before 01/01/2004, the carryover period has expired.

Note: For GEN, NB, or ESB NOL incurred on or after 01/01/2004 and before 01/01/2005, 2018 is the last taxable year to claim the NOL carryover deduction.