

Instructions for RCT-103

Net Operating Loss Schedule

RCT-103 IN (SU) 11-22

GENERAL INFORMATION

For tax year 2019 and thereafter the NOL deduction is increased from 35% to 40% of PA taxable income after apportionment.

PART A

CALCULATION OF NET OPERATING LOSS LIMITATION

To support the net operating loss carryforward allowed for the current tax period, taxpayers are required to complete Part A of RCT-103 as follows:

LINE 1

Enter the taxable income from RCT-101, Section C, Line 10.

LINE 2

Enter total net operating loss carryforward to current period from RCT-103, Part B, Column C.

LINE 3

Multiply Line 1 by 40 percent (0.40).

LINE 4

This is your net operating loss deduction for the current period.

PART B

Complete this schedule to calculate the amount of net loss carryforward available to be deducted in the current period and the net loss carryforward to the next period. Enter all dates and amounts from periods with returns filed. If no net loss carryforward is available, enter "0". If short periods exist in calendar year or fiscal year, enter the month, day and year of the beginning and end of all short periods and the net loss carryforward for all short periods in the appropriate row of the table. Do not combine amounts.

COLUMN A

Beginning with the first line, enter the month, day and year (MMDDYYYY) corresponding to the beginning date of each tax period. Start with tax periods beginning in 1998 or with the entity's very first tax period, whichever is more recent. Do not include the current tax period.

COLUMN B

Enter the month, day and year (MMDDYYYY) corresponding to the ending date of the tax period indicated in Column A.

COLUMN C

Enter the net loss carryforward corresponding to each tax period end from Column E of the RCT-103, Net Operating Loss Schedule, for the prior year.

COLUMN D

Enter the amount to be used as a net loss deduction to offset income in the current tax period. The total amount of net loss carryforwards should not exceed the amount reported on Part A, Line 4.

COLUMN E

Subtract Column D from Column C and enter the difference in this Column.

Net operating losses generated in tax periods beginning after Dec. 31, 1997, may be carried forward 20 periods. Short years are considered to be one tax period for purposes of calculating the carryforward. Lines 1 thru 20 are used for the allowable, 20 carry-forward periods. Line 21 is used for the current period only if there is a loss in that period.



CAUTION: Line 21 should only be completed for Columns A, B and E.

MERGED LOSSES

If losses claimed in Column C reflect losses from a merger in the prior year, provide the name and EIN of each entity and date of merger on a separate supporting schedule. Failure to provide this information may result in denial of losses due to a merger.

As noted on the cover page of the CT-1 instructions, you must check the Section 381/382/Merger NOLS checkbox.

SECTION 381/382 LOSS LIMITATIONS

If the entity is subject to these limitations, include a detailed schedule explaining the merger changes or change in ownership, as well as specific support for the actual limited loss figure claimed in your tax calculation (Section 382, change in ownership). You must check the Section 381/382/Merger NOLS checkbox. See Corporation Tax Bulletin 2008-03 for additional guidance.