

### **141.011 Casualty losses -- Net operating losses.**

- (1) Notwithstanding any other provision of this chapter, the net operating loss carryback-carryforward deduction, including casualty loss, allowed under Section 172 of the Internal Revenue Code shall apply only to such losses incurred in taxable years beginning after December 31, 1979, and no such loss shall be carried back to taxable years beginning before January 1, 1980. Any casualty loss carryforward authorized by this section as it existed before January 1, 1980, may be carried forward as an itemized deduction until it has been fully deducted.
- (2) The net operating loss carryback deduction shall not be allowed for losses incurred for taxable years beginning on or after January 1, 2005.
- (3) For taxable years when the tax due under KRS 141.040 is based on the alternative minimum calculation provided in KRS 141.040, any net operating loss carryforward deduction that is utilized for the taxable year shall be the amount of taxable net income before the net operating loss deduction, that exceeds the taxable net income equivalent. For purposes of this subsection, "taxable net income equivalent" means the amount of taxable net income that would generate an income tax equal to the alternative minimum calculation liability computed under KRS 141.040.
- (4) For taxable years beginning on or after January 1, 2005, and before December 31, 2006, the net operating loss carryforward deduction of a corporation shall be reduced by the amount of distributive share income, loss, and deduction distributed to an individual or general partnership as defined in KRS 141.206.
- (5) The portion of a net operating loss that is not used to offset the income of an affiliate according to the limits in KRS 141.200(11) shall be available for carryforward, subject to the limitations contained in this section.

**Effective:** June 28, 2006

**History:** Amended 2006 (1st Extra. Sess.) Ky. Acts ch. 2, sec. 12, effective June 28, 2006. -- Amended 2006 Ky. Acts ch. 252, Pt. XIII, sec. 2, effective April 25, 2006. -- Amended 2005 Ky. Acts ch. 168, sec. 4, effective March 18, 2005. -- Amended 1980 Ky. Acts ch. 176, sec. 2, effective July 15, 1980. -- Created 1978 Ky. Acts ch. 50, secs. 1, 4, effective June 17, 1978.

**Legislative Research Commission Note** (6/28/2006). 2006 (1st Extra Sess.) Ky. Acts ch. 2, sec. 73, provides that "unless a provision of this Act specifically applies to an earlier tax year, the provisions of this Act shall apply to taxable years beginning on or after January 1, 2007."

**Legislative Research Commission Note** (3/18/2005). 2005 Ky. Acts ch. 168, sec. 165, provides that this section shall apply to tax years beginning on or after January 1, 2005.