

Legal Name(s): _____ Tax period (MM/DD/YYYY): _____

Federal Employer Identification Number (FEIN) or Social Security Number: _____

Individual (IA 1040), fiduciary (IA 1041), corporate income (IA 1120), and franchise (IA 1120F) filers must use this form to calculate their current year NOL adjustments for tax years beginning on or after January 1, 2023.

Part I: Pre-2023 Federal NOL Addback

Taxpayers are required to add back any federal NOL carried forward from a tax year beginning before January 1, 2023, to the extent it is deducted in the current year. Use Part I to calculate the current year addback and track the amount remaining to addback for future years.

- 1. Pre-2023 federal NOL carryover to the current year. See instructions 1. _____
- 2. Current year federal NOL deduction. See instructions 2. _____
- 3. Enter the lesser of lines 1 and 2. This is your current year pre-2023 federal NOL addback. See instructions 3. _____
- 4. Subtract line 3 from line 1. This is your pre-2023 federal NOL carryover to next year for Iowa purposes. Enter on next year's IA 124, Part I, line 1 4. _____

Part II: Pre-2023 Iowa NOL Deduction

Taxpayers may deduct available Iowa NOL carried forward from a tax year beginning before January 1, 2023, to the extent it is deducted in the current year. Use Part II to calculate the current year Iowa carryforward deduction and track the amount remaining to deduct for future years.

- 1. Beginning balance. See instructions 1. _____
- 2. Iowa NOL that expired at the end of last tax year 2. _____
- 3. Iowa NOL available to deduct. Subtract line 2 from line 1 3. _____
- 4. Enter income attributable to Iowa. If zero or less, enter 0 4. _____
- 5. Current year deduction. Enter the lesser of lines 3 and 4. This is your current year Iowa NOL deduction. See instructions on where to report this amount 5. _____
- 6. Ending balance. Subtract line 5 from line 3 6. _____

Include this form with your tax return.



Purpose of Form

Due to a recent Iowa law change, net operating losses (NOLs) are no longer separately calculated for Iowa tax purposes. Taxpayers should use this form to calculate any pre-2023 federal NOL carryforward that must be added back or any pre-2023 Iowa NOL that may be deducted. The IA 123 (individual and fiduciary) and IA 1120 Schedule F (corporate income and franchise) have been discontinued.

Who must file?

This form must be used by all individual (IA 1040), fiduciary (IA 1041), corporate income (IA 1120), or franchise (IA 1120F) filers with either federal NOL carryforwards from losses incurred in a tax year prior to 2023 and deducted in the current year (Part I), or with Iowa NOL carryforwards from losses incurred in a tax year prior to 2023 available to deduct in the current year (Part II).

Include this form with your tax return for any year in which you have any federal or Iowa NOL carryforward from a tax year beginning before January 1, 2023.

This form may be used by taxpayers filing IA 1120, IA 1120F, IA 1040, or IA 1041.

Instructions

Part I: Pre-2023 Federal NOL Addback

Line 1: Pre-2023 federal NOL carryover to the current year

For tax years beginning in 2023, this amount comes from the 2023 federal 1120 Schedule K, line 12, or 2022 IRS Publication 536, Worksheet 2 or 3.

For tax years beginning January 1, 2024, and later, this amount comes from last year's IA 124, Part I, line 4. Taxpayers entering Iowa on or after January 1, 2024, must determine the amount of current year federal NOL deduction attributable to a tax year prior to 2023 and enter that amount on this line.

Line 2: Current year federal NOL deduction

This amount is found on:

- Federal 1040 Schedule 1, line 8a, but not to exceed the federal taxable income reported on federal Worksheet 2: Worksheet to Figure NOL Carryforward From 2023 to 2024, line 1 as reported in IRS Publication 536.

- Federal 1040, line 15b, but not to exceed the federal taxable income reported on federal Worksheet 2: Worksheet to Figure NOL Carryforward From 2023 to 2024, line 2 as reported in IRS Publication 536.
- IA 1120, line 29a

Line 3: Current year Iowa addback

Enter this amount on:

- IA 1040 Schedule 1, line 10
- IA 1041 Schedule A, Part I, line 4
- IA 1120 Schedule A, line 17
- IA 1120F Schedule A, line 8

Part II: Pre-2023 Iowa NOL Deduction

Line 1: Beginning balance

For tax years beginning in 2023, this amount is found on:

- 2022 IA 123, Part I, line 14
- 2022 IA 1120 Schedule F, Column F (Total)

For tax years beginning on or after January 1, 2024, this amount is found on the prior year's IA 124, Part II, line 6.

Line 2: Iowa NOL that expired at the end of last tax year

Enter any pre-2023 unused Iowa NOLs that expired at the end of last tax year

Line 4: Income attributable to Iowa

This amount is found on:

- IA 1040, line 4 (without accounting for the IA Pre-2023 NOL adjustment from Schedule 1)
- IA 1041, line 25 (without accounting for the IA Pre-2023 NOL adjustment from Schedule A)
- IA 1120, line 11
- IA 1120F Schedule 59F, line 19

Line 5: Current year Iowa Deduction

Enter this amount on:

- IA 1040 Schedule 1, line 17
- IA 1041 Schedule A, Part II, line 6
- IA 1120, line 12
- IA 1120F, line 9

Line 6: Ending balance

This is the amount of your pre-2023 Iowa NOL available to be carried forward to future years. Enter this amount in your next year's IA 124, Part II, line 1.