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## Getting the Most Out of Your Losses

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The current state of the economy has pushed many taxpayers into an unfamiliar position for tax year 2008, a loss position. While no business desires to be operating at a loss, there may be some relief in the form of cash refunds. When a business generates a net operating loss (NOL) for any tax year, that loss is available to be carried back to prior tax years or forward to future ones. Current tax law allows an NOL to be carried back two years and forward for twenty years. It is carrying the NOL back that can create a cash refund.

NOL's are available for both individuals and corporations. In order for either to claim a refund, certain forms need to be prepared. First, a 2008 income tax return will need to be filed in order to establish the NOL. Once the NOL is established, an amended income tax return is prepared for the carryback tax year. The amended return reflects the NOL and recalculates all phase-outs, credits, and the tax liability for the carryback tax year. The amended return is submitted along with either Form 1045 (individual) or Form 1139 (corporate). These forms summarize both the amended and originally filed returns, and claim a refund for the difference in tax.

Think you're in a loss position? Contact your GBQ advisor at 614.221.1120 to determine if a refund is available to you.