

2002 Net Operating Loss (NOL) Computation and NOL and Disaster Loss Limitations — Individuals, Estates, and Trusts

3805V

Attach to your California tax return. Name(s) as shown on return

Social security number FEIN

Part I Computation of Current Year NOL. If you do not have a current year NOL, go to Part II.

Section A — Individuals, Estates, and Trusts

- 1 Adjusted gross income from 2002 Form 540, line 17 or 2002 Long Form 540NR, line 17. If negative, use brackets. Estates and Trusts, begin on line 3
2 Itemized deductions or standard deduction from 2002 Form 540, line 18 or 2002 Long Form 540NR, line 18
3 a Combine line 1 and line 2. (Estates and Trusts, enter taxable income, see instructions.) If negative, use brackets. If positive, enter -0- here and on line 27 and do not complete the rest of Section A. You do not have a current year NOL. Complete Part II and Part III if you have a carryover from prior years.
b 2002 designated disaster loss included in line 3a. Enter as a positive number
c Combine line 3a and line 3b. If negative, use brackets and continue to line 4. If zero or more, do not complete the rest of Part I. Enter the amount from line 3b, if any, in Part III, line 3, column (d) and complete Part II and Part III as instructed

Note: Enter amounts on line 4 through line 26 as if they were all positive numbers. See instructions.

- 4 Nonbusiness capital losses
5 Nonbusiness capital gains. See instructions
6 If line 4 is more than line 5, enter the difference; otherwise, enter -0-
7 If line 4 is less than line 5, enter the difference; otherwise, enter -0-
8 Nonbusiness deductions
9 Nonbusiness income other than capital gains
10 Add line 7 and line 9
11 If line 8 is more than line 10, enter the difference; otherwise, enter -0-
12 If line 8 is less than line 10, enter the difference; otherwise, enter -0-
13 Business capital losses
14 Business capital gains. See instructions
15 Add line 12 and line 14
16 If line 13 is more than line 15, enter the difference; otherwise, enter -0-
17 Add line 6 and line 16
18 Enter the loss, if any, from line 8 of Schedule D (540). Estates and Trusts, enter the loss, if any, from line 9, column (c), of Schedule D (541). If you do not have a loss on that line (and do not have an R&TC Section 18152.5 exclusion), skip line 18 through line 23 and enter on line 24 the amount from line 17.
19 R&TC Section 18152.5 exclusion. Enter as a positive number
20 Subtract line 19 from line 18. If zero or less, enter -0-
21 Enter the loss, if any, from line 9 of Schedule D (540). Estates and Trusts, enter the loss, if any, from line 10 of Schedule D (541). Enter as a positive number
22 If line 20 is more than line 21, enter the difference; otherwise, enter -0-
23 If line 21 is more than line 20, enter the difference; otherwise, enter -0-
24 Subtract line 22 from line 17. If zero or less, enter -0-
25 Disaster loss carryovers from prior years. See instructions
26 Add line 11, line 19, line 23, line 24, and line 25
27 Combine line 3c and line 26. If more than zero, enter -0-. You do not have a current year NOL to carryover
28 Enter as a positive number the amount from line 27 that represents losses incurred by a new business and/or an eligible small business. Do not enter more than the amount on line 27
29 Decrease the loss on line 27 by the amount on line 28
30 General NOL. Multiply line 29 by 60% (.60)
31 2002 NOL carryover. Add line 28 and line 30. See instructions

Section B — Nonresidents and Part-Year Residents Only — Computation of Current Year California NOL

Note: Enter amounts on line 32 through line 37 as if they were all **positive** numbers.

32	Subtract Schedule CA (540NR), line 46 from Schedule CA (540NR), line 43. If the result is a loss, enter the amount here as a positive number. If the result is zero or more, enter -0- here and on line 38 and do not complete the rest of Section B because you do not have a California NOL	32
33	California disaster loss carryover amount from 2002 Schedule CA (540NR), line 21b, column B, plus net capital loss from 2002 Schedule CA (540NR), line 13, column E	33
34	If line 32 is more than line 33, enter the difference; otherwise, enter -0-	34
35	Enter as a positive number the amount from line 34 that represents losses incurred by a new business and/or an eligible small business. Do not enter more than the amount on line 34	35
36	Subtract line 35 from line 34	36
37	General NOL. Multiply line 36 by 60% (.60)	37
38	2002 California NOL carryover. Add line 35 and line 37. See instructions	38

PART II Determine 2002 Modified Taxable Income (MTI). Be sure to read the instructions for Part II.

1	Taxable income. See instructions	1
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Note: Enter amounts on line 2 through line 4 as if they were all **positive** numbers.

2	Capital loss deduction included in line 1	2
3	Disaster loss carryover included in line 1	3
4	NOL carryover included in line 1	4 SUSPENDED
5	MTI. Combine line 1 through line 4. If line 5 is zero or less, enter -0-	5

PART III NOL Carryover and Disaster Loss Carryover Limitations. See Instructions.

	(g) Available balance	
1 MTI from Part II, line 5	1	

Prior Year NOLs

(a) Year of loss	(b) Code	(c) Type of NOL* See below	(d) Initial Loss	(e) Carryover from 2001	(f) Amount used in 2002		(h) Carryover to 2003 subtract column (f) from column (e)
2		DIS					
		DIS					
		DIS					
		All other types				SUSPENDED	

Current Year NOLs

3 2002		DIS					
4 2002							
2002							
2002							
2002							

*Type of NOL: General (GEN), New Business (NB), Eligible Small Business (ESB), Title 11 (T11), or Disaster (DIS).

5	NOL carryover. Add the carryover amounts in column (h) that are not the result of a disaster loss	5
6	Disaster loss carryover. Enter the total loss carryover amounts in column (h) that are the result of disaster losses	6

2002 Instructions for Form FTB 3805V

Net Operating Loss (NOL) Computation and NOL and Disaster Loss Limitations — Individuals, Estates, and Trusts

References in these instructions are to the Internal Revenue Code (IRC) as of January 1, 2001, and the California Revenue and Taxation Code (R&TC).

What's New

For taxable years beginning in 2002 and 2003, California has suspended the Net Operating Loss (NOL) carryover deduction. Taxpayers may continue to compute and carryover an NOL during the suspension period. The deduction for disaster losses is not affected by the NOL suspension rules.

The carryover period for suspended losses is extended by two years for losses incurred before January 1, 2002, and by one year for losses incurred after January 1, 2002, and before January 1, 2003.

For taxable years beginning on or after January 1, 2002, the NOL carryover computation for the California taxable income of a nonresident or part-year resident is no longer limited by the amount of net operating loss from all sources. Only your California sourced income and losses are considered in determining if you have a California NOL.

Change of Residency to California

For taxable years beginning on or after January 1, 2002, if you have NOL carryovers and were a nonresident of California in prior years, the NOL carryovers must be restated as if you had been a California resident for all prior years.

Change of Residency from California

For taxable years beginning on or after January 1, 2002, if you have NOL carryovers and you become a nonresident of California, your NOL carryovers must be restated as if you had been a nonresident of California for all prior years.

Note: If your residency status changes from the time you generate the NOL carryover to the time you apply the NOL deduction, you will need to recompute the NOL carryover amount. For further information, get FTB Pub. 1100, Taxation of Nonresidents and Individuals Who Change Residency.

***Note:** The carryover period for suspended losses is extended by two years for losses incurred before January 1, 2002, and by one year for losses incurred after January 1, 2002, and before January 1, 2003.

General Information

In general, California law conforms to the Internal Revenue Code (IRC) as of January 1, 2001. Therefore, California has conformed to the income tax changes made to the IRC by the federal Internal Revenue Service Restructuring and Reform Act of 1998 (Public Law 105-206), the Tax and Trade Relief Extension Act of 1998 (Public Law 105-277), the Surface Transportation Revenue Act of 1998 (Public Law 105-178), the Ricky Ray Hemophilia Relief Fund Act of 1998 (Public Law 105-369), the Ticket to Work and Work Incentives Improvement Act of 1999 (Public Law 106-170), the Miscellaneous Trade and Technical Corrections Act of 1999 (Public Law 106-36), the FSC Repeal and Extraterritorial Income Exclusion Act of 2000 (Public Law 106-519), the Consolidated Appropriations Act of 2001 (Public Law 106-554), and to technical corrections made by the Economic Growth and Tax Relief Reconciliation Act of 2001 (Public Law 107-16). However, there are continuing differences between California and Federal law. California has not conformed to some of the law changes made by the Economic Growth and Tax Relief Reconciliation Act of 2001 (Public Law 107-16) or the federal Job Creation and Worker Assistance Act of 2002 (Public Law 107-147).

The general NOL carryover percentage varies. For taxable years beginning on or after:

- January 1, 2000, and before January 1, 2002, 55% of your NOL may be carried forward;
- January 1, 2002, and before January 1, 2004, 60% of your NOL may be carried forward; and
- After January 1, 2004, 100% of your NOL may be carried forward.

Also, any NOL incurred in any taxable year beginning on or after January 1, 2000, may be carried forward for 10 years.

Note: California R&TC uses the Standard Industrial Classification code (SIC Manual, 1987 Edition) for purposes of the new business and eligible small business NOL.

A Purpose

Individuals, estates, or trusts must use form FTB 3805V to figure the current year NOL and to limit the NOL carryover and disaster loss deductions.

Form FTB 3805V is divided into three parts:

- Part I: Computation of Current Year NOL;
- Part II: Determine Modified Taxable Income (MTI). MTI is the amount of your taxable income that can be offset by your prior years' loss carryover; and
- Part III: NOL Carryover and Disaster Loss Carryover Limitations.

Corporations must use form FTB 3805Q, Net Operating Loss (NOL) Computation and NOL and Disaster Loss Limitations — Corporations.

B Types of NOLs

Net Operating Losses and Disaster Losses – If your deductions for the year exceed your income, you may have an NOL carryover. The California NOL is generally figured the same way as the federal NOL. However, under California law:

- An NOL may be carried over only to future years. No carrybacks are allowed (except for specified disaster losses);
- Carryover periods and percentages vary with the type of California NOL; and
- You can elect to carry over 100% of your NOL from an activity within the following areas or zones to offset income earned solely within those areas or zones:

Type of NOL and Description	Taxable Year NOL Incurred	Carryover %	Carryover* Period
General NOL (GEN) Available as a result of a loss incurred in years after 1986 allowed under R&TC Section 17276. (Does not include losses incurred from activities that qualify as a new business or an eligible small business [described below], an EZ, LARZ, LAMBRA, TTA, disaster loss, or a loss due to Pierce's disease and its vectors).	2002-2003 2000 - 2001 1997-1999 1987-1996	60% 55% 50% None	10 Years 10 Years 5 Years Expired
New Business NOL (NB) Refer to Franchise Tax Board Legal Ruling 96-5 issued August 19, 1996. Incurred by a trade or business that first commenced in California on or after January 1, 1994. During the first three years of business, 100% of an NOL may be carried over for an extended period, but only to the extent of the net loss from the new business. 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 thereafter conducted by the taxpayer or related persons (IRC Sections 267 or 318) 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. If a taxpayer or related person has been engaged in a trade or business in California within the preceding 36 months and thereafter commences 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 of the Standard Industrial Classification (SIC) Manual, 1987 Edition. 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. The term "new business" includes any taxpayer engaged in biopharmaceutical activities or other biotechnology activities described in Codes 2833 to 2836 of the SIC Manual, 1987 Edition. It also includes any taxpayer that has not received regulatory approval for any product from the United States Food and Drug Administration. See R&TC Section 24416(g)(7)(A) for more information.	Beginning on or after 1/1/00 Beginning on or after 1/1/94 and before 1/1/00 Year of Business Activity Year 1 Year 2 Year 3	100% For the first three years of business 100% 100% 100%	10 Years 8 Years 7 Years 6 Years
Eligible Small Business (ESB) Refer to Franchise Tax Board Legal Ruling 96-5 issued August 19, 1996. Incurred in operating 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 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. Taxpayers should use the same SIC Code tests described in the "New Business NOL," above, to group trade or business activities for the eligible small business NOL.	Beginning on or after 1/1/00 Beginning on or after 1/1/94 and before 1/1/00	100% 100%	10 Years 5 Years

Table Continued on page 2

Type of NOL and Description	Year NOL Incurred	Carryover %	Carryover Period
Taxpayer in Title 11 Bankruptcy (T11) NOL incurred from 1987 through 1993 by taxpayers who were under the jurisdiction of the court in Title 11 Bankruptcy proceedings prior to January 1, 1994.	1987-1993	50%	10 Years
Disaster Losses (DIS) Casualty losses sustained as the result of a disaster, not reimbursed by insurance or otherwise, and designated by the President of the United States or the Governor of California to warrant assistance. If the loss qualifies under IRC Section 165(i), the taxpayer may elect to deduct the loss from the previous year's income. If special legislation is enacted under the California Revenue and Taxation Code, 100% of the excess 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.	See "Designated Disasters" below	100% See Description	First 5 Years 10 Years Thereafter

- 1) Enterprise Zone (EZ). Get FTB 3805Z, Enterprise Zone Business Booklet, for more information;
- 2) Los Angeles Revitalization Zone (LARZ). Get FTB 3806, Los Angeles Revitalization Zone Business Booklet, for more information;
- 3) Local Agency Military Base Recovery Area (LAMBRA). Get FTB 3807, Local Agency Military Base Recovery Area Business Booklet, for more information;
- 4) Targeted Tax Area (TTA). Get FTB 3809, Targeted Tax Area Business Booklet, for more information.
- 5) Pierce's Disease and its Vectors. Get FTB 3805D, NOL Computation and Limitations – Pierce's Disease, for more information.

The table that begins on page 1 describes the various types of losses and shows the carryover percentages and periods for each.

Designated Disasters

Year	Code	Event
2000	21	Napa County earthquake
1999	20	Wildfires and other related casualties*
1999	19	Winter Freeze 98/99
1998		
1998	18	El Niño 98
1997	17	Disaster floods 96/97
1996		
1996	16	Firestorms in Los Angeles, Orange, and San Diego counties*
1995	15	Storms, flooding, and other related casualties
1994	14	San Luis Obispo fire and other related casualties
1994	13	Los Angeles, Orange, and Ventura County earthquake and other related casualties
1993	12	Storms, floods, and other related casualties
1992	11	Wildfires and other related casualties in Calaveras and Shasta Counties
1992	10	San Bernardino County earthquake and other related casualties
1992	9	Riots, arson, and related casualties in California during April and May
1992	8	Humboldt County earthquake and related casualties
1992	7	Storms, floods, and other related casualties
1991	6	Oakland/Berkeley fire and other related casualties
1990	5	Santa Barbara fires and other related casualties
1989	4	Bay Area earthquake and other related casualties
1987	3	Forest fires, October earthquake, and other related casualties
1986	2	Storms, floods, and other related casualties
1985	1	Forest fires and related casualties occurring in California

*Carryover period limited to 5 years at 50%. No special legislation has been enacted.

You may elect to claim a disaster loss in the year prior to the year in which the disaster occurred if the President declared the event a disaster eligible for emergency assistance. Get instructions for federal Form 4684, Casualties and Thefts, for when the election must be filed.

C Nonresidents and Part-Year Residents

Current Year Loss – Complete Part I, Section A, as though you were a full-year California resident for the current year and all prior years to figure your NOL from all sources for 2002.

Complete Part I, Section B, to figure how much of the 2002 NOL amount in Section A has a California source.

Specific Line Instructions

Part I — Current Year NOL

Use Part I to figure your current year NOL, if any, to carry over to future years.

If you have losses from more than one source and/or more than one category, it may be necessary to compute the allowable NOL carryover for each loss separately.

If you do not have a current year NOL, skip Part I and go to Part II.

If you have a current year NOL relating to an EZ (R&TC Section 17276.2), LAMBRA (R&TC Section 17276.5), or TTA (R&TC Section 17276.6), you must:

- Make the election in a statement attached to the original return to carry over only one of these losses or the loss under R&TC Section 17276 (relating to general NOLs); and
- Use the applicable economic development area form to calculate the NOL.

The election is **irrevocable**. Get FTB 3805Z, Enterprise Zone Business Booklet; FTB 3807, Local Agency Military Base Recovery Area Business Booklet; or FTB 3809, Targeted Tax Area Business Booklet, for more information.

Section A — Individuals, Estates, and Trusts

Line 3 – Estates or Trusts, enter the amount from your 2002 Form 541, line 20 or Form 109, line 14.

Line 4 through Line 7 – You may deduct nonbusiness capital losses up to the amount of nonbusiness capital gains. You may not deduct any excess of nonbusiness capital losses over nonbusiness capital gains.

Nonbusiness capital losses and gains are losses and gains from other than a trade or business. These include sales of stock, metals, and other

appreciable assets as well as any recognized gain from the sale of your principal residence.

Note: Enter your nonbusiness capital gains without regard to any R&TC Section 18152.5 exclusion.

Line 8 – Enter deductions that are not related to a trade or business and are not related to your employment (such as taxes, medical expenses, alimony, charitable contributions, and your contributions to individual retirement plans). If you do not itemize your deductions, your nonbusiness deductions include the standard deduction. A casualty loss is considered a "business expense" regardless of whether it is connected with a trade or business; do not include it as a nonbusiness deduction.

Line 9 – Enter income that is not related to a trade or business (such as dividends, pensions, annuities, income from an endowment, or interest earned on investments).

Line 10 through Line 12 – You may subtract nonbusiness deductions only from nonbusiness income, including any nonbusiness capital gains that remain after deducting nonbusiness capital losses. If your nonbusiness deductions are larger than your nonbusiness income, you may not deduct the excess.

Line 13 through Line 16 – You may deduct business capital losses only up to the total of business capital gains and any nonbusiness capital gains that remain after deducting nonbusiness capital losses and other nonbusiness deductions.

Note: Enter your business capital gains without regard to any R&TC Section 18152.5 exclusion.

Line 19 – Enter the amount of gain from small business stock that you excluded from gross income under R&TC Section 18152.5 (enter as a positive number).

Line 25 – Enter the amount of your prior year disaster loss carryovers from Schedule CA (540 or 540NR) line 21b, column B or Form 541, line 15a.

Line 30 – Enter 60% of the amount on line 29 as a positive number. For taxpayers filing Form 540 or Form 541, this is your general NOL carryover to future years.

Line 31 – Enter the amounts from line 28 and line 30 on Part III, line 4, column (d) and column (h). If you have an NOL from more than one source, list each loss separately.

If you have a disaster loss from prior years (line 25), complete Part II and Part III, to determine the loss carryover to future years.

Long Form 540NR filers: Complete Part I, Section B, to determine your California NOL carryover.

Section B — Nonresidents and Part-Year Residents

Line 33 – Enter the amount of any California disaster loss carried over from a prior year that is included on Schedule CA (540NR), line 21b, column B, plus any net capital loss amount on Schedule CA (540NR), line 13, column E.

Line 38 – This is your California NOL to be carried over to future years and entered on your Schedule CA (540NR). Enter the amounts from line 35 and line 37 on Part III, line 4, column (d) and column (h). If you have an NOL from more than one source, list each loss separately.

Part II — Modified Taxable Income (MTI)

Use this part if:

- You are carrying over an NOL from years prior to 2002;
- You are carrying over a disaster loss from years prior to 2002; or
- You have an unused 2002 disaster loss to carry over.

The purpose of this part is to figure your MTI. You must make certain modifications to your taxable income to determine how much you can carry over to next year. Your carryover to next year is the excess of your NOL deduction over your MTI.

Use this part to determine what your 2002 income (loss) was before taking any disaster loss, or disaster loss carryover deductions. This adjusted amount is called your MTI.

Line 1 – Form 540 filers: Subtract Form 540, line 18 from Form 540, line 17. If negative, use brackets.

Form 541 filers: Subtract Form 541, line 18 from Form 541, line 17. If negative, use brackets.

Long Form 540NR filers: Subtract Long Form 540NR, line 18 from Long Form 540NR, line 17. If negative, use brackets.

Line 2 – Enter as a positive number the net capital loss deduction from your 2002 Schedule D (540NR), line 9, or Schedule D (541), line 10.

Long Form 540NR filers: To figure your MTI, enter your net capital loss from your 2002 Schedule CA (540NR), line 13, column E, determined in accordance with Schedule D (540NR).

Line 3 – Enter as a positive number the disaster loss carryover deduction from your 2002 Schedule CA (540), line 21b, column B or Form 541, line 15a.

Long Form 540NR filers: To figure your MTI, enter the disaster loss carryover deduction amount from your 2002 Schedule CA (540NR), line 21, column E.

Part III — Limitations

Note: Keep a copy of this form with your records until you use all losses or they expire. Use this section to:

- Figure the disaster loss deduction actually taken in 2002 and the total disaster losses and NOL to be carried over to future years; and
- Keep track of the expiration and limitations of any unused carryovers.

When to use an NOL carryover – Use your NOLs and the disaster losses in the order the losses were incurred. There is no requirement to deduct NOL carryovers, if allowed, before disaster loss carryovers.

Line 1 – Enter the MTI from Part II, line 5. This is the maximum NOL carryover deduction you are allowed for 2002. NOL carryover amounts in excess of MTI may be eligible for carryover to 2003. See General Information B, Types of NOLs.

Line 2, Line 3, and Line 4

Column (a) – Enter the year(s), earliest first, the loss was incurred.

Column (b) – Enter the disaster code from the list of designated disasters on page 2.

If the loss is from a pass-through entity, such as a partnership, S corporation, or limited liability company (LLC), enter the California corporation number, the partnership's FEIN, or the LLC's Secretary of State file number from Schedule K-1 (100S, 565, or 568).

Column (d) – Enter the amount of the initial loss related to the year entered in column (a) on the same line.

Long Form 540NR filers: To figure your new business NOL or eligible small business NOL from California sources, enter the amount of the new business or eligible small business NOL from Part I, Section B, line 35.

Column (e) – Enter the disaster loss carryover from your 2001 form FTB 3805V, Part III, column (h). You should have already reduced by 50% any remaining 1996 disaster loss carryover.

Column (f) – Enter the smaller of the amount in column (e) or the balance in column (g). If column (g) of the previous line has been reduced to zero, your remaining disaster loss carryover may be eligible for carryover to 2003. See General Information B, Types of NOLs.

Column (g) – Subtract column (f) from the balance in column (g) of the previous line and enter the result.

Column (h) – Subtract the amount in column (f) from the amount in column (e) and enter the result. Any remaining 1997 disaster loss carryover to 2003 must be reduced by 50%.

If you have a current year NOL relating to one of the following areas or zones:

- EZ (R&TC Section 17276.2), get form FTB 3805Z for more information;
- LAMBRA (R&TC Section 17276.5), get form FTB 3807 for more information;
- TTA (R&TC Section 17276.6), get form FTB 3809 for more information; or
- Pierce's disease (R&TC Section 17276.7), get form FTB 3805D for more information.

then, you must:

- Make the election in a statement attached to the original return to carry over only one of these losses or the loss under R&TC Section 17276 (relating to general NOLs); and
- Use the applicable economic development area or Pierce's disease form to calculate the NOL.

This election is irrevocable.

Long Form 540NR filers: To figure your NOL from California, the amount on this line will be carried to your Schedule CA (540NR) in 2003.

Line 3 – Disaster loss carryover

Note: As of the date of the publication of this form, no California designated disaster losses had occurred in tax year 2002. However, if a disaster loss occurs between the date of the publication and the end of the taxable year, please go to our Website at www.ftb.ca.gov for an updated version of this

form, which will include the information for any subsequent disaster loss and follow the line 3 instructions.

Use line 3 to claim your 2002 disaster loss.

Column (a) – The year the loss was incurred -2002- is entered.

Column (b) – Enter the disaster code if a disaster was declared in 2002.

Column (c) – The type of NOL -DIS- is entered.

Column (d) – Enter your 2002 disaster loss from Part I, line 3b. However, if you elected to claim your 2002 disaster loss on your 2001 return, enter on line 2 the carryover amount from your 2001 form FTB 3805V, Part III, line 6.

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

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

Line 4 – If you have a current year NOL from more than one source, list each loss separately.

If you operate one or more new businesses and one or more eligible small businesses, the following rules apply. Determine the amount of the loss attributable to the new business(es) and to the eligible small business(es). Then take the NOL in the following order:

- The new business NOL;
- The eligible small business NOL; and
- Any remaining NOL (treat as an NOL under the general rules).

Line 5 – NOL carryover – Total the carryover amounts from column (h) that are NOT the result of a disaster loss.