

# 2013 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, 2009**, and the California Revenue and Taxation Code (R&TC).

### What's New

**Net Operating Loss (NOL) Carryback** – NOLs incurred in taxable years beginning on or after January 1, 2013, shall be carried back to each of the preceding two taxable years. The allowable NOL carryback percentage varies. For an NOL incurred in a taxable year beginning on or after:

- January 1, 2013, and before January 1, 2014, the carryback amount shall not exceed 50% of the NOL.
- January 1, 2014, and before January 1, 2015, the carryback amount shall not exceed 75% of the NOL.
- January 1, 2015, the carryback amount shall be 100% of the NOL.

The Individuals, Estates, and Trusts compute the NOL carryback in Part IV of form FTB 3805V, Net Operating Loss (NOL) Computation and NOL and Disaster Loss Limitations – Individuals, Estates, and Trusts. For more information, see Revenue and Taxation Code (R&TC) Section 17276.20 and get FTB Legal Ruling 2011-04 (see Situation 3).

**Amended Return** – The Individuals, Estates, and Trusts claim the NOL carryback by amending the 2011 and/or 2012 tax return using Form 540X, Amended Individual Income Tax Return, or Form 541, California Fiduciary Income Tax Return.

**Note:** If the Individuals, Estates, and Trusts will claim the NOL as a carryback in any of the previous two years, the Individuals, Estates, and Trusts will first file the applicable 2013 tax return and attach the completed 2013 form FTB 3805V to the tax return. After the 2013 tax return is filed, the Individuals, Estates, and Trusts will file the amended return for 2011 and/or 2012 to claim the NOL carryback deduction and provide the following explanation on Form 540X, Part II, Explanation of Changes, line 5: “2013 NOL carryback deduction”. For amended Form 541, attach a statement and provide the following explanation: “2013 NOL carryback deduction”. **Do not** attach the 2013 form FTB 3805V to the 2011 or 2012 amended return. Attaching form FTB 3805V may delay processing of the amended return.

**Election to Waive Carryback** – Any taxpayer entitled to a carryback period pursuant to Internal Revenue Code (IRC) Section 172(b)(3) may elect to relinquish/waive the entire carryback period with respect to an NOL incurred in the 2013 taxable year. By making the election, the taxpayer is electing to carry an NOL forward instead of carrying it back in the previous two years.

To make the election, check the box in Part I under Section C - Election to Waive Carryback, of form FTB 3805V, and attach form FTB 3805V to the tax return. The election shall be made by the due date (including extensions of time) for filing the taxpayer's return for the taxable year of the NOL for which the election is to be in effect. If the taxpayer filed the return on time without making the election, the taxpayer can still make the election on the form FTB 3805V and attach it to the amended return filed within 6 months of the due date of the return (excluding extensions). Once made, the election shall be **irrevocable** for such taxable year.

### General Information

In general, for taxable years beginning on or after January 1, 2010, California law conforms to the IRC as of January 1, 2009. However, there are continuing differences between California and federal law. When California conforms to federal tax law changes, we do not always adopt all of the changes made at the federal level. For more information, go to [ftb.ca.gov](http://ftb.ca.gov) and search for **conformity**. Additional information can be found in FTB Pub. 1001, Supplemental Guidelines to California Adjustments, the instructions for California Schedule CA (540 or 540NR), and the Business Entity tax booklets.

The instructions provided with California tax forms are a summary of California tax law and are only intended to aid taxpayers in preparing their state income tax returns. We include information that is most useful to the greatest number of taxpayers in the limited space available. It is not possible to include all requirements of the California R&TC in the tax booklets. Taxpayers should not consider the tax booklets as authoritative law.

**NOL Suspensions** – For taxable years beginning in 2010 and 2011, California suspended the NOL carryover deduction. Taxpayers continued to compute and carryover NOLs during the suspension period. **However**, taxpayers with a modified adjusted gross income of less than \$300,000 or with disaster loss carryovers were not affected by the NOL suspension rules.

For taxable years beginning in 2008 and 2009, California suspended the NOL carryover deduction. Taxpayers continued to compute and carryover their NOL during the suspension period. **However**, taxpayers with a net business income of less than \$500,000 or with disaster loss carryovers were not affected by the NOL suspension rules.

**Extended Carryovers for Suspended NOLs** – The carryover period for any NOL or NOL carryover, for which a deduction is disallowed because of the 2008-2011 suspension, are extended by:

- One year for losses incurred in taxable years beginning on or after January 1, 2010, and before January 1, 2011.
- Two years for losses incurred in taxable years beginning before January 1, 2010,
- Three years for losses incurred in taxable years beginning before January 1, 2009.
- Four years for losses incurred in taxable years beginning before January 1, 2008.

For more information, get FTB Legal Ruling 2011-04.

**Carryovers** – For NOLs incurred in taxable years beginning on or after January 1, 2008, California has extended the NOL carryover period from 10 taxable years to 20 taxable years following the year of the loss.

For taxable years that began in 2002 and 2003, California suspended the NOL carryover deduction. Taxpayers continued to compute and carryover an NOL during the suspension period. **However**, the deduction for disaster losses was not affected by the NOL suspension rules.

The carryover period for an NOL incurred in taxable years:

- Beginning before January 1, 2002, have been extended for two years.
- Beginning on or after January 1, 2002, and before January 1, 2003, have been extended for one year.

For more information, get FTB Legal Ruling 2011-4.

**Carryover Percentages** – For taxable years beginning on or after January 1, 2004, the NOL carryover percentage is 100%. The NOL carryover percentage varies for NOLs incurred prior to January 1, 2004. See the chart on the next page for more information.

### A Purpose

Individuals, Estates, or Trusts use form FTB 3805V to figure the current year NOL and to limit the NOL carryback/carryover and disaster loss deductions.

Form FTB 3805V is divided into four 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' NOL carryover.
- Part III: NOL Carryover and Disaster Loss Carryover Limitations.
- Part IV: NOL Carryback.

## NOL Carryover

Type of NOL and Description	Taxable Year NOL Incurred	NOL Carried Over	Carryover* Period
<p><b>General NOL (GEN)</b> Available as a result of a loss incurred in years after 1986 allowed under R&amp;TC Section 17276.20. (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).</p>	<p>On or after 01/01/2008 2004-2007 2002-2003 2000-2001 1987-1999</p>	<p>100% 100% 60% 55% None</p>	<p>20 Years 10 Years 10 Years 10 Years Expired</p>
<p><b>Disaster Losses (DIS)</b> 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 R&amp;TC, 100% of the excess loss may be carried over for up to five years. If any excess loss remains after the five year period, 50% of that remaining 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.</p>	<p>See "Designated Disasters" on page 5</p>	<p>100%  See Description</p>	<p>First 5 Years  10 Years Thereafter</p>
<p><b>New Business NOL (NB)</b> Refer to FTB Legal Ruling 96-5 issued August 19, 1996. New Business means any trade or business that first commenced in California on or after January 1, 1994. 100% of an NOL may be carried over, 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&amp;TC Section 17276.20(f)(7)(A) for more information.</p>	<p>On or after 01/01/2008  On or after 01/01/2000 and before 01/01/2008  On or after 01/01/1994 and before 01/01/2000  Year of Business Year 1 Year 2 Year 3</p>	<p>100%  100% For the first three years of business  100% 100% 100%</p>	<p>20 Years  10 Years   8 Years 7 Years 6 Years</p>
<p><b>Eligible Small Business NOL (ESB)</b> Refer to FTB Legal Ruling 96-5 issued August 19, 1996. An ESB NOL is an NOL 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 ESB 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.</p>	<p>On or after 01/01/2008  On or after 01/01/2000 and before 01/01/2008  On or after 01/01/1994 and before 01/01/2000</p>	<p>100%  100%  None</p>	<p>20 Years  10 Years  Expired</p>

\* **Note:** The carryover period for any NOL or NOL carryover, for which a deduction is disallowed because of the 2008-2011 suspension, is extended. For more information, see General Information.

## NOL Carryback

Type of NOL and Description	Taxable Year NOL Incurred	NOL Carried Back shall not exceed	Carryback Period
<p><b>GEN, NB, and ESB NOL</b> NOLs incurred in taxable years beginning on or after January 1, 2013, shall be carried back to each of the preceding two taxable years.</p>	On or after 01/01/2013 and before 01/01/2014	50%	2 Years
	On or after 01/01/2014 and before 01/01/2015	75%	2 Years
	On or after 01/01/2015	100%	2 Years

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

## B Types of NOLs

**NOLs 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:

- Carryover/carryback periods and percentages vary with the type of California NOL. The tables on page 2 describes the various types of losses and shows the carryover/carryback percentages and periods for each type.
- An NOL may be carried over to future years. No carrybacks are allowed for NOL incurred in taxable years beginning before January 1, 2013, except for specified disaster losses. **Note:** California will allow NOLs incurred in taxable years beginning on or after January 1, 2013, to be carried back to each of the preceding two taxable years. For more information, see What's New section and Specific Line Instructions, Parts I and IV.
- You can elect an NOL from an activity within the following areas or zones to offset income earned solely within those areas or zones:
  - 1) Enterprise Zone (EZ). Get FTB 3805Z, Enterprise Zone Business Booklet, for more information.
  - 2) Local Agency Military Base Recovery Area (LAMBRA). Get FTB 3807, Local Agency Military Base Recovery Area Business Booklet, for more information.

## C Nonresidents and Part-Year Residents

**Do not** complete Part I, Section A.

**Nonresidents:** Complete Part I, Section B, column A and column B.

**Part-Year Residents:** Complete Part I, Section B, column A through column E.

**NOL Carryover Computation.** 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.

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 more information, get FTB Pub. 1100, Taxation of Nonresidents and Individuals Who Change Residency.

## Specific Line Instructions

### Part I – Current Year NOL

Use Part I to figure your current year NOL, if any, to carry back to the preceding two years or 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), or LAMBRA (R&TC Section 17276.5), 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 17276.20 (relating to general NOLs).
- Use the applicable economic development area form to calculate the NOL.

The election is **irrevocable**. Get form FTB 3805Z, or FTB 3807, for more information.

### Section A – California Residents

**Line 3** – Estates or Trusts, enter the amount from your 2013 Form 541, line 20a or Form 109, line 9.

**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 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.

**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 11 and 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 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.

**Line 23** – Enter the amount of your prior year NOL and disaster loss carryover from your 2012 form FTB 3805V, Part III, line 5 and line 6.

**Line 25** – Enter the current year NOL on line 25. California will allow NOLs incurred in taxable years beginning on or after January 1, 2013, to be carried back to each of the preceding two taxable years.

**NOL carryback general rule:** The taxpayers must first carry back the entire NOL incurred in 2013 to the preceding two years. Any loss not applied in the preceding two years can be carried forward up to 20 years. To determine the amount of NOL incurred in 2013 that can be carried back, complete Part IV, NOL Carryback, **before** completing Part I, Section A, lines 26-28.

**Amended return** – The Individuals, Estates, and Trusts claim the NOL carryback by amending the 2011 and/or 2012 tax return using Form 540X, Amended Individual Income Tax Return, or Form 541, California Fiduciary Income Tax Return.

**Note:** If the Individuals, Estates, and Trusts will claim the NOL as a carryback in any of the previous two years, the Individuals, Estates, and Trusts will first file the applicable 2013 tax return and attach the completed 2013 form FTB 3805V to the tax return. After the 2013 tax return is filed, the Individuals, Estates, and Trusts will file the amended return for 2011 and/or 2012 to claim the NOL carryback deduction and provide the following explanation on Form 540X, Part II, Explanation of Changes, line 5: “2013 NOL carryback deduction”. For amended Form 541, attach a statement and provide the following explanation: “2013 NOL carryback deduction”. **Do not** attach the 2013 form FTB 3805V to the 2011 or 2012 amended return. Attaching form FTB 3805V may delay processing of the amended return.

**Election to waive/relinquish NOL carryback:** If the taxpayer would like to make the election to waive the two-year carryback period for NOL incurred in 2013, check the box under Part I, Section C, Election to Waive Carryback. By making the election, the taxpayer is electing to carry an NOL forward instead of carrying it back in previous two years. Once the election is made, it's **irrevocable**.



If the taxpayer elects to waive the two-year carryback period and carry the NOL forward, enter the amount from line 25 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 an NOL or disaster loss from prior years (line 23), complete Part II and Part III, to determine the loss carryover to future years.

**Line 28** – Go to Part III, Current Year NOLs, line 4, to record your 2013 NOL carryover to 2014. Complete line 4, column (d) and column (h), for each type of loss that you incurred. See Part IV, line 3, column (j) for each type of loss that the Individuals, Estates, and Trusts incurred.

## Section B – Nonresidents and Part-Year Residents

**Full-Year Nonresidents:** Complete Part I, Section B, column A and column B.

**Line 25** – Enter the current year NOL on line 25. California will allow NOLs incurred in taxable years beginning on or after January 1, 2013, to be carried back to each of the preceding two taxable years.

**NOL carryback general rule:** The taxpayers must first carry back the entire NOL incurred in 2013 to the preceding two years. Any loss not applied in the preceding two years can be carried forward up to 20 years. To determine the amount of NOL incurred in 2013 that can be carried back, complete Part IV, NOL Carryback, **before** completing Part I, Section B, lines 26-28.

**Amended return** – The Individuals, Estates, and Trusts claim the NOL carryback by amending the 2011 and/or 2012 tax return using Form 540X, Amended Individual Income Tax Return, or Form 541, California Fiduciary Income Tax Return.

**Note:** If the Individuals, Estates, and Trusts will claim the NOL as a carryback in any of the previous two years, the Individuals, Estates, and Trusts will first file the applicable 2013 tax return and attach the completed 2013 form FTB 3805V to the tax return. After the 2013 tax return is filed, the Individuals, Estates, and Trusts will file the amended return for 2011 and/or 2012 to claim the NOL carryback deduction and provide the following explanation on Form 540X, Part II, Explanation of Changes, line 5: “2013 NOL carryback deduction”. For amended Form 541, attach a statement and provide the following explanation: “2013 NOL carryback deduction”.

**Do not** attach the 2013 form FTB 3805V to the 2011 or 2012 amended return. Attaching form FTB 3805V may delay processing of the amended return.

**Election to waive/relinquish NOL carryback:** If the taxpayer would like to make the election to waive the two-year carryback period for NOL incurred in 2013, check the box under Part I, Section C, Election to Waive Carryback. By making the election, the taxpayer is electing to carry an NOL forward instead of carrying it

back in previous two years. Once the election is made, it's **irrevocable**.

If the taxpayer elects to waive the two-year carryback period and carry the NOL forward, enter amounts from line 25 on Part III, line 4, column (d) and column (h).

**Line 28** – Go to Part III, Current Year NOLs, line 4, to record your 2013 NOL carryover to 2014. Complete line 4, column (d) and column (h), for each type of loss that you incurred. See Part IV, line 3, column (j) for each type of loss that the Individuals, Estates, and Trusts incurred.

**Part-Year Residents:** Complete Part I, Section B, column A through column E.

Enter the number of days during the year you were a California resident: \_\_\_\_\_

Enter the number of days during the year you were a nonresident: \_\_\_\_\_

**Complete column A**, line 1 through line 25 as if you were a California resident for the entire year.

**Line 1** – Enter the amount from 2013 Long Form 540NR, line 17.

**Line 2** – Enter the amount from 2013 Long Form 540NR, line 18.

**Line 3a** – If negative, use brackets. If positive, enter -0- here and on line 25. Complete Part II and Part III if you have a carryover from prior years.

**Line 18** – If you do not have a loss on Schedule D (540NR), line 4 worksheet for nonresidents and part-year residents, skip line 18 through 21 and enter on line 22 the amount from line 17.

**Complete column B**, line 1 through line 25 if you were a nonresident for the entire year.

**Line 1** – Enter the amount from 2013 Long Form 540NR, line 32.

**Line 2** – Enter the amount from 2013 Schedule CA (540NR), line 48.

**Complete columns C and D**, line 1 through line 25 using the dates of transactions. If the dates are unknown because they were not specifically reported to you, then you will need to prorate the amounts. For column C, multiply the amount in column A by the number of days you were a resident divided by 365 days. For column D, multiply the amount in column B by the number of days you were a nonresident divided by 365 days.

**Column E, line 25**, Enter the current year NOL on line 25. California will allow NOLs incurred in taxable years beginning on or after January 1, 2013, to be carried back to each of the preceding two taxable years.

**NOL carryback general rule:** The taxpayers must first carry back the entire NOL incurred in 2013 to the preceding two years. Any loss not applied in the preceding two years can be carried forward up to 20 years. To determine the amount of NOL incurred in 2013 that can be carried back, complete Part IV, NOL Carryback, **before** completing Part I, Section B, lines 26-28.

**Amended return** – The Individuals, Estates, and Trusts claim the NOL carryback by amending the 2011 and/or 2012 tax return using Form 540X, Amended Individual Income Tax Return, or Form 541, California Fiduciary Income Tax Return.

**Note:** If the Individuals, Estates, and Trusts will claim the NOL as a carryback in any of the previous two years, the Individuals, Estates, and Trusts will first file the applicable 2013 tax return and attach the completed 2013 form FTB 3805V to the tax return. After the 2013 tax return is filed, the Individuals, Estates, and Trusts will file the amended return for 2011 and/or 2012 to claim the NOL carryback deduction and provide the following explanation on Form 540X, Part II, Explanation of Changes, line 5: “2013 NOL carryback deduction”. For amended Form 541, attach a statement and provide the following explanation: “2013 NOL carryback deduction”.

**Do not** attach the 2013 form FTB 3805V to the 2011 or 2012 amended return. Attaching form FTB 3805V may delay processing of the amended return.

**Election to waive/relinquish NOL carryback:** If the taxpayer would like to make the election to waive the two-year carryback period for NOL incurred in 2013, check the box under Part I, Section C, Election to Waive Carryback. By making the election, the taxpayer is electing to carry an NOL forward instead of carrying it back in previous two years.

If the taxpayer elects to waive the two-year carryback period and carry the NOL forward, enter this amount on Part III, line 4, column (d) and column (h).

**Line 28** – Go to Part III, Current Year NOLs, line 4, to record your 2013 NOL carryover to 2014. Complete line 4, column (d) and column (h), for each type of loss that you incurred. See Part IV, line 3, column (j) for each type of loss that the Individuals, Estates, and Trusts incurred.

## Part II – Modified Taxable Income (MTI)

Use this part if:

- You are carrying over an NOL from years prior to 2013.
- You are carrying over a disaster loss from years prior to 2013.
- You have an unused 2013 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 2013 income (loss) was before taking any NOL carryover disaster loss, or disaster loss carryover deductions. This adjusted amount is called your MTI.

**Line 1 – Form 540 filers:** Subtract 2013 Form 540, line 18 from Form 540, line 17. If negative, use brackets.

**Form 541 filers:** Subtract 2013 Form 541, line 18 from Form 541, line 17. If negative, use brackets.

**Long Form 540NR filers:** Subtract 2013 Schedule CA (540NR), line 48 from Schedule CA (540NR), line 45. If negative, use brackets.

**Line 2 –** Enter as a positive number the net capital loss deduction from your 2013 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 2013 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 2013 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 2013 Schedule CA (540NR), line 21, column E.

**Line 4 –** Enter as a positive number the NOL carryover deduction from your 2013 Schedule CA (540), line 21d, column B or Form 541, line 15a.

**Long Form 540NR filers:** To figure your MTI, enter the disaster loss carryover deduction amount from your 2013 Schedule CA (540NR), line 21, column E.

**Line 5 –** Enter as a positive number the adjustments to itemized deductions, minus the adjustment to mortgage insurance premiums, used to figure your federal NOL carryover. For more information, see federal Publication 536, Table 1, Worksheet for NOL Carryover.

### Part III – Limitations

Keep a copy of form FTB 3805V with your records until you use all losses or they expire. Use this section to:

- Figure the NOL and disaster loss deduction actually taken in 2013 and the total disaster losses and NOL to be carried over to future years.
- Keep track of the expiration and limitations of any unused carryovers.

#### Nonresidents or Part-Year Residents:

If you were a nonresident or part-year resident during the year, get FTB Pub. 1100, for more information.

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

**Line 1 –** Enter the MTI from Part II, line 6. This is the maximum NOL carryover deduction you are allowed for 2013. NOL carryover amounts in excess of MTI may be eligible for carryover to 2014. See General Information B, Types of NOLs.

#### Line 2

**Column (a) –** Enter the years, earliest first, the loss was incurred.

**Column (b) –** If the loss is from a new business or eligible small business, enter the SIC Code for the new business or eligible small business from the Standard Industrial Classification Manual.

If this is a farming enterprise, enter the agricultural activity code from federal Schedule F.

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

If the loss is due to a disaster, enter the disaster code from the list of designated disasters on this page.

#### Designated Disasters

Year	Code	Event
2013	52	Tuolumne, Mariposa, and San Francisco Counties Rim Fire 08/13 to 10/13**
2011	51	Los Angeles and San Bernardino County Severe Winds 11/11***
2011	50	Santa Cruz County Severe Storms 03/11***
2011	49	Mendocino County Tsunami Wave Surge 03/11
2011	48	Del Norte and Santa Cruz County Tsunami Wave Surge 03/11**
2011	47	Severe Winter Storms, Flooding, Debris and Mud Flows 12/10, 01/11**
2010	46	San Bruno Explosion
2010	45	Kern County Wildfires
2010	44	CA Winter Storms, 01/10, 02/10
2009	43	Los Angeles, Monterey, Placer County Wildfires
2010	42	Baja California (Imperial County) Earthquake
2010	41	Humboldt County Earthquake
2009	40	Santa Barbara Wildfires
2008	39	Southern California Wildfires 10/08, 11/08
2008	38	Humboldt County Wildfire
2008	37	California Wildfires 2008
2007	36	Riverside County Winds
2008	35	Inyo Complex fire
2007	34	Southern California Wildfires
2007	33	Santa Barbara and Ventura County Fires
2007	32	El Dorado County Wildfires
2007	31	California Severe Freeze: (01/07)
2006	30	Riverside and Ventura County Wildfires
2006	29	San Bernardino County Wildfires
2006	28	Northern California flooding, mudslides, and landslides (03/06 to 04/06)
2006	27	Northern California flooding, mudslides, and landslides (12/05 to 01/06)
2004	26	Shasta County Wildfires
2005	25	Southern California flooding, debris flows, and mudslides
2004	24	San Joaquin Levee Break
2003	23	San Simeon Earthquake
2003	22	Southern California Fires and other related casualties
2000	21	Napa County earthquake
1999	19	Winter Freeze 98/99
1998	18	El Niño 98 (expired)*

\*Taxpayers who elected to deduct the disaster loss in the prior year under IRC Section 165(i), the final year to deduct the disaster loss carryover was last year. Taxpayers who did not elect IRC Section 165(i), the final year to deduct the disaster loss carryover is this year.

\*\*Carryover period and percentage are limited to the NOL rules. No special legislation was enacted.

For taxable years beginning on or after January 1, 2013, the taxpayer can claim 100% of the disaster loss deduction (from Tuolumne, Mariposa, and San Francisco Counties Rim Fire occurred on 08/13 to 10/13) in the year the loss was incurred, or make an election under IRC Section 165(i) to claim the disaster loss deduction against the previous year's income. If the disaster loss deduction (from Tuolumne, Mariposa, and San Francisco Counties Rim Fire) is claimed in 2013, any remaining disaster loss would create an NOL for 2013, and the applicable NOL carryback and carryforward rules for 2013 would apply. The taxpayer must carryback the NOL attributable to the disaster loss for two years or elect to carryforward the NOL for 20 years.

\*\*\*The Santa Cruz County Severe Storms occurred in March 2011 and the Los Angeles and San Bernardino County Severe Winds occurred in November 2011 disaster loss deductions are allowed at 100% and can be carried over for 20 years. Taxpayers can elect to deduct the disaster loss in the prior year return under IRC Section 165(i). Any provision of law that suspends, defers, reduces, or otherwise diminishes the deduction of a NOL does not apply to a NOL attributable to the Santa Cruz County Severe Storms that occurred in March 2011 and the Los Angeles and San Bernardino County Severe Winds that occurred in November 2011. Refer to R&TC Sections 17207.11 and 17207.12 for more information.

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 information about when the election must be filed.

**Column (c) –** Enter the type of NOL from the NOL Carryover table, on page 2. If using Pierce's Disease or an economic development area (EDA) NOL, get the applicable form for the NOL type.

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

**Column (e) –** Enter the amount from your 2012 form FTB 3805V, Part III, column (h). You should have already applied the applicable percentage to any remaining disaster loss carryover. See General Information B, Types of NOLs for more information.

**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 NOL carryover may be eligible for carryover to 2014. 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. After the initial five year disaster loss carryover, apply the applicable percentage to any remaining disaster loss carryover. See General Information B, Types of NOLs for more information.

If you elect to have a current year NOL relating to one of the following areas or zones and need more information:

- EZ (R&TC Section 17276.2), get form FTB 3805Z.
- LAMBRA (R&TC Section 17276.5), get form FTB 3807.

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 17276.20 (relating to general NOLs).
- Use the applicable economic development area form to calculate the NOL.

This election is **irrevocable**.

#### **Current Year NOLs**

If a disaster loss occurs between the date of the publication and the end of the taxable year, go to [ftb.ca.gov](http://ftb.ca.gov) for an updated version of this form, which will include information for any subsequent disaster loss. Then follow the line 3 instructions.

#### **Line 3 – Current Year Disaster Loss**

Use line 3 to claim your 2013 disaster loss.

**Column (b)** – Enter the disaster loss code.

**Column (d)** – Enter your 2013 disaster loss from Part I, line 3b. However, if you elected to claim your 2013 disaster loss on your 2012 return, enter on line 2 the carryover amount from your 2012 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.
- Any remaining NOL (treat as an NOL under the general rules).

**Column (b) and Column (c)** – See the instructions for line 2. Do not enter Current Year Disaster NOLs on line 4.

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

## **Part IV – NOL Carryback**

### **Line 3**

**General rule:** The 2013 NOL must be carried back to the second taxable year before the loss year. Any loss not used in the second preceding taxable year is then carried to the first preceding taxable year. Any loss not applied in the two preceding years is carried forward.

**Column (b)** – If the loss is from a new business or eligible small business, enter the SIC Code for the new business or eligible small business from the Standard Industrial Classification Manual.

If this is a farming enterprise, enter the agricultural activity code from federal Schedule F.

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

**Column (d)** – Enter 100% of the initial loss for the year given in column (a).

**Column (e)** – Enter 50% of the initial loss shown in column (d).

**Column (f)** – Enter the amount from line 3, column (e) or line 1, whichever is less. This is the amount of 2013 NOL carryback used for 2011. Also, enter this amount on the 2011 Form 540X, line 2e and on the 2011 amended schedules/return: Schedule CA (540), line 21(d); Schedule CA (540NR), line 21(d); or Form 541, line 15a.

**Column (g)** – Subtract column (f) from column (e).

**Column (h)**, Enter the amount from line 3, column (g) or line 2, whichever is less. This is the amount of 2013 NOL carryback used for 2012. Also, enter this amount on the 2012 Form 540X, line 2e and on the 2012 amended schedules/return: Schedule CA (540), line 21(d); Schedule CA (540NR), line 21(d); or Form 541, line 15a.

**Column (i)** – Subtract column (h) from column (g).