Form 41 Test 6

Form 41 Schedules Tested:

1. Complex Trust
2. Alternative Tax Method
3. NOL Applied
4. Schedule A
5. Schedule B

Form 41 K-1 Issues Tested:

1. Blank K-1 because of NOL

NOL-F85A

1. Multiple years
2. NOL carry forward
3. Part I, II and III

NOL-F85

1. Part I and III

FORM **41** **2013**

ALABAMA DEPARTMENT OF REVENUE
Fiduciary Income Tax Return

● CY ☒
● FY ☐
● SY ☐

For the calendar year 2013 or fiscal year beginning

● 1/1, 2013, and ending ● 12/31, 2011

Type of entity *(see instructions)*:	Employer Identification Number			ADOR
● ☐ Decedent's estate	●			
● ☐ Simple trust	Name of Estate or Trust			
● ☒ Complex trust	● Trust Test Six			
● ☐ Qualified disability trust	Name and Title of Fiduciary			
● ☐ ESBT (S portion only)	● Fiduciary Test Six			
● ☐ Grantor type trust	Address of Fiduciary (number and street)			● ☐ Initial Return
● ☐ Bankruptcy estate – Ch. 7	●			● ☐ Amended Return
● ☐ Bankruptcy estate – Ch. 11	City	State	Zip Code	● ☐ Final Return
● ☐ Pooled income fund	● Auburn	AL		

● ☐ Address change ● ☐ Entity has income from more than one state ● ☐ Fiduciary or name change

Date entity created ● 7/25/1986 Number of K-1s attached ● 1

● ☒ Return is Filed on Cash Basis ● ☐ Nonresident estate or trust If a trust, state whether ● ☐ revocable or ● ☐ irrevocable

A complete copy of the Federal Form 1041 must be attached for this return to be considered complete.

COMPUTATION OF ALABAMA TAXABLE INCOME AND NET TAX DUE

1	Alabama Adjusted Total Income or (Loss) (Schedule B, Line 18c)			1	● 1,082,408	00
	Special Deductions Available to Trusts:					
2	Alabama Income Distribution Deduction (Schedule A, Line 15)	2	● 00			
3	Exemption (Allowed the Estate or Trust by 40-18-19, ***Code of Alabama 1975***)	3	● 1,500 00			
4	Total of Special Trust Deductions *(Total of Lines 2 and 3)*			4	● 1,500	00
5	**Alabama Taxable Income** *(Line 1 less Line 4)*			5	● 1,080,908	00
6	Total Income Tax Due *(See instructions)* ☒ Alternate Tax Method			6	● 49,385	00
7	Credits: **a.** Income tax paid to other states *(see instructions)*	7a	● 00			
	b. Capital Credit *(see instructions)*	7b	● 00			
	c. Alabama income tax withheld (from Form W-2 and/or Form 1099)	7c	● 00			
	d. Automatic extension payments/payments made with original return	7d	● 49,000 00			
	e. Composite payments. Paid by ●_____ TIN ●_____	7e	● 00			
	f. Composite payments allocated to beneficiary	7f	●( ) 00			
8	Total Credits *(Total of Lines 7a through 7f)*			8	● 49,000	00
9	**NET TAX DUE/(REFUND)** *(Subtract Line 8 from Line 6)*			9	● 385	00
10	Reduction/Applications of Overpayment					
	a. Credit to 2014 estimate tax	10a	● 00			
	b. Interest (computed on tax due only)	10b	● 00			
	c. Penalties *(See instructions)*	10c	● 00			
	d. Total reductions *(Total of Lines 10a through 10c)*			10d	●	00
11	**TOTAL AMOUNT DUE/(REFUND)** *(Total of Line 10d and Line 9)*			11	● 385	00

If paying by check or money order, **FORM FDT-V MUST ACCOMPANY PAYMENT**. If you paid electronically check here ☐

(For official use only)

▶ **CN**

(For official use only)

Returns with payments must be filed with the Alabama Department of Revenue, Individual and Corporate Tax Division, P.O. Box 327444, Montgomery, AL 36132-7444. Returns without payments must be filed with the Alabama Department of Revenue, Individual and Corporate Tax Division, P.O. Box 327440, Montgomery, AL 36132-7440, on or before April 15, 2014. (Fiscal Year Returns must be filed on or before the 15th day of the fourth month following the close of the fiscal year.)

Please Sign Here ▶

● ☐ I authorize a representative of the Department of Revenue to discuss my return and attachments with my preparer.

Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief they are true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

▶ | Date | ( ) | Social Security Number

Signature of fiduciary or officer representing fiduciary — Date — Daytime Telephone No. — Social Security Number

Paid Preparer's Use Only ▶

Preparer's signature		Date	Check if self-employed ▶ ☐ ● Preparer's PTIN
Firm's name (or yours, if self-employed) and address	Tel. ( )		E.I. No. ▶
			ZIP Code ▶

FORM **41** **2013**

PAGE 2

Alabama Fiduciary Income Tax Return

Name of estate or trust: Trust Test Six

Employer identification number:

Name and title of fiduciary: Fiduciary Test Six

SCHEDULE A – COMPUTATION OF ALABAMA INCOME DISTRIBUTION DEDUCTION

1	Alabama Adjusted Total Income (Page 1, Line 1)	1	1,082,408	00
2	The amount of gain from the sale of capital assets, but only if the gain was allocated to corpus and not paid, credited, or required to be distributed to any beneficiary during the taxable year *(see instructions)*	2	1,387,415	00
3	Subtract the amount entered on Line 2 from the amount entered on Line 1, and enter in Line 3	3	-305,007	00
4	The amount of loss from the sale of capital assets – entered as a positive number, only if the loss was not considered in the determination of the amount to be paid, credited, or required to be distributed to any beneficiary during taxable year	4		00
5	Amount of tax exempt interest income excluded in computing Alabama taxable income	5		00
6	Other adjustments – see instructions	6		00
7	**Alabama Distributable Net Income** *(Sum of Lines 3 through 6)*	7	0	00
8	If a complex trust, enter accounting income for the tax year as determined under the governing instrument and applicable local law — 8: 354,600 00			
9	Income required to be distributed currently	9		00
10	Other amounts paid, credited, or otherwise required to be distributed	10		00
11	Total distributions. Add Lines 9 and 10	11		00
12	Enter the amount of tax-exempt income included on Line 11	12		00
13	Tentative income distribution deduction. Subtract Line 12 from Line 11	13		00
14	Tentative income distribution deduction. Subtract Line 5 from Line 7. If zero or less, enter -0-	14		00
15	**Alabama Income Distribution Deduction.** Enter the smallest of Line 13 or Line 14 on this line and on Page 1, Line 2. (Do not enter less than zero.)	15		00

FORM **41** **2013**

PAGE 3

Alabama Fiduciary Income Tax Return

Name of estate or trust: Trust Test Six

Employer identification number:

Name and title of fiduciary: Fiduciary Test Six

SCHEDULE B – COMPUTATION OF ALABAMA ADJUSTED TOTAL INCOME

		Column A AS REPORTED ON FEDERAL FORM 1041	Column B ALABAMA ADJUSTMENTS	Column C ALABAMA AMOUNT
1 Interest income	1	54,200 00	00	54,200 00
2 Ordinary dividends	2	00	00	00
3 Business income or (loss)	3	00	00	00
4 Capital gain or loss *(see instructions)*	4	1,245,874 00	(80,741) 00	1,165,133 00
5 Rents, royalties, partnerships, and other estates and trusts	5	(675,000) 00	670,000 00	(5,000) 00
6 Farm income or (loss)	6	00	00	00
7 Ordinary gain or (loss) from Form 4797	7	00	00	00
8 Other income	8	00	00	00
9 **Total Income** *(Sum of Lines 1 through 8)*	9	625,074 00	589,259 00	1,214,333 00
Ordinary Deductions:				
10 Interest	10	425 00	00	425 00
11 Taxes (include federal estate and income taxes)	11	00	125,000 00	125,000 00
12 Fiduciary fees	12	5,000 00	00	5,000 00
13 Charitable deduction	13	00	00	00
14 Attorney, accountant, and return preparer fees	14	1,500 00	00	1,500 00
15 Other deductions not subject to the 2% floor	15	00	00	00
16 Allowable miscellaneous itemized deductions subject to the 2% floor	16	00	00	00
17 **Total Ordinary Deductions** *(Sum of Lines 10 through 16)*	17	6,925 00	125,000 00	131,925 00
18a **Federal Adjusted Total Income** *(Line 9 less Line 17 – the amount entered on this line in Column A must equal the amount entered on Page 1, Line 17, Form 1041)*	18a	618,149 00		
18b Net Alabama Adjustments (Column B, Line 9 less Line 17)	18b		464,259 00	
18c Alabama Adjusted Total Income (Column C, Line 9 less Line 17). Enter here and on Page 1, Line 1	18c			1,082,408 00
19 **Alabama Tax Exempt Income**	19	00	9,000 00	9,000 00

Attach a complete explanation, showing all computations, for each item of income or deduction included in Column B (Alabama Adjustments), include also a complete explanation and computation for the items of exempt income. *See instructions.*

DO NOT INCLUDE NET OPERATING LOSSES IN SCHEDULE B.

FORM **41** **2013**

PAGE 4

Alabama Fiduciary Income Tax Return

Name of estate or trust: Trust Test Six

Employer identification number:

Name and title of fiduciary: Fiduciary Test Six

SCHEDULE K – SUMMARY OF K-1 INFORMATION

		TOTAL ALABAMA AMOUNT	
1	Interest income	1	00
2	Total dividends	2	00
3	Business income or (loss)	3	00
4	Net Alabama capital gain or loss *(see instructions)*	4	00
5	Rents, royalties, partnerships, and other estates and trusts	5	00
6	Farm income or (loss)	6	00
7	Ordinary gain or (loss) from Form 4797	7	00
8	Other income	8	00
9	Alabama Tax Exempt Income	9	00
10a	Grantor Trust Income	10a	00
10b	Grantor Trust Deductions	10b	00
10c	Net Grantor Trust Income	10c	00
11	Nonresident Beneficiary – Alabama Source Income	11	00
12	Nonresident Beneficiary – Non-Alabama Source Income	12	00
	Directly apportioned deductions:		
13a	Depreciation	13a	00
13b	Depletion	13b	00
13c	Amortization	13c	00
14	Allocated Composite Payment	14	00

Schedule K is a summary of the information reported on the K-1s prepared with the return.

Character of Income – In accordance with §40-18-25(b), ***Code of Alabama 1975***, the character of the income that is reported by the beneficiary or owner of an estate or trust must reflect the same character the income possessed when the income was originally received by the estate or trust.

Allocation of the Alabama Income Distribution Deduction – The amount entered in Page 1, Line 2 (Alabama Income Distribution Deduction) must be allocated to resident beneficiaries and owners, so that the income reported by the beneficiaries or owners will retain its character. Generally the allocation is completed in accordance with Internal Revenue Code §652 and 662. No amount may be included in the Alabama Income Distribution Deduction which is not included in the gross income of the estate or trust. See the instructions for more guidance concerning the allocation of income to the beneficiaries and owners.

SCHEDULE
K-1 2013
FORM 41

ALABAMA DEPARTMENT OF REVENUE

Fiduciary Income Tax Beneficiary Information

For the calendar year 2013 or fiscal year beginning

1/1, 2013, and ending 12/31, 2013

● ☐ Final K-1 ● ☐ Amended K-1

Beneficiary's Share of Alabama Income, Deductions, Credits, etc.

► See instructions.

Part I – Information About the Estate or Trust

A Estate's or trust's employer identification number

●

B Estate's or trust's name

● Trust Test Six

C Fiduciary's name, address, city, state, and ZIP code

● Fiduciary Test Six
Auburn, AL

D ● ☐ Grantor trust

Part II – Information About the Beneficiary

E Beneficiary's identifying number

●

F Beneficiary's name, address, city, state, and ZIP code

● Beneficiary Test Six
Auburn, AL

G ● ☒ Alabama resident ● ☐ Nonresident

Part III – Beneficiary's Share of Alabama Current Year Income, Deductions, Credits, and Other Items

1 Interest income ●	**10a** Grantor trust income ●
2 Ordinary dividends ●	**10b** Grantor trust deduction ●
3 Business income (loss) ●	**10c** Net grantor trust income ●
4 Net Alabama capital gain or (loss) ●	**11** Nonresident beneficiary/grantor Alabama source income ●
5 Rents, royalties, partnerships, and other estates and trusts ●	**12** Nonresident beneficiary/grantor non-Alabama source income ●
6 Farm income or (loss) ●	**13 Directly apportioned deductions:** **13a** Depreciation ●
7 Ordinary gain or (loss) from Form 4797 ●	**13b** Depletion ●
8 Other income (attach explanation) ●	**13c** Amortization ●
9 Alabama Tax Exempt Income ●	**14** Allocated composite payment ●
	15 Other information ● No Taxable Income, NOL Applied

Note: A statement must be attached showing the beneficiary's share of income and directly apportioned deductions from each business, rental real estate, and other rental activity.

ADOR

FORM
NOL-F85
Rev. 6/13

ALABAMA DEPARTMENT OF REVENUE

Computation of Net Operating Loss
Fiduciary Return (Form 41)

Loss year ending 12/31, 2011

Name of Estate or Trust as shown on Form 41: Trust Test Six

Federal Employer Identification Number:

PURPOSE OF FORM NOL-F85: Form NOL-F85 is used to compute the amount of a net operating loss originating in a tax year. It is used to determine the amount of net operating loss that can be carried back or forward to another tax year. Part III of the form is used to make an election to forfeit the carryback of the net operating loss to prior tax year, and only carry the net operating loss forward to future tax years.

PART I – Excess of Nonbusiness Deductions Over Nonbusiness Income

NONBUSINESS DEDUCTIONS CLAIMED ON FORM 41

1	Interest paid			1	
2	Taxes paid (including Federal Income Tax and Estate Tax)			2	
3a	Loss on sale of nonbusiness assets (Enter as positive amount)			3a	56,000
3b	Other nonbusiness deductions (list) Other Deductions Test			3b	8,900
4	**TOTAL NONBUSINESS DEDUCTIONS.** Add Lines 1, 2, 3a, and 3b ▶			4	64,900

NONBUSINESS INCOME REPORTED ON FORM 41

5	Dividends	5			
6	Interest	6	40,000		
7	Federal income tax refunds	7	5,000		
8	Trust and/or Estate income	8			
9	Gain on sale of nonbusiness assets	9			
10	Other nonbusiness income reported on Form 41 (list) Other Income Test	10	500		
11	**TOTAL NONBUSINESS INCOME.** Add lines 5 through 10 ▶			11	45,500
12	**EXCESS NONBUSINESS DEDUCTIONS OVER NONBUSINESS INCOME.** If line 4 exceeds line 11, subtract line 11 from line 4 and enter here and on line 15 below. If line 11 exceeds line 4, enter –0– here and on line 15 below ▶			12	19,400

PART II – Computation of Net Operating Loss

13	Enter the estate or trust's Alabama Taxable Income before the NOL Deduction from Form 41, page 1, line 5 ▶			13	(-197,800)
14	Fiduciary Exemption from Form 41, page 1, line 3	14	1,500		
15	Enter the Excess Nonbusiness Deductions Over Nonbusiness Income from line 12, Part I above	15	19,400		
16	**TOTAL MODIFICATIONS.** Add lines 14 and 15			16	20,900
17	**NET OPERATING LOSS ALLOWABLE.** Combine the amounts on lines 13 and 16. If the result is a negative figure, enter here. If zero or a positive figure **–STOP– DO NOT FILE THIS FORM**. You do not have an allowable net operating loss ▶			17	-176,900

PART III – Election To Forfeit Carryback Provision (Caution – Do Not Complete Part III If You Are Carrying Loss Back)

If the amount on line 17, Part II above is a negative figure, you may elect to carry this loss forward or it must be carried back 2 years and any unused portion may then be carried forward to succeeding years (see instructions). See Part III instructions for election to forfeit carryback provision.

I hereby elect to forfeit the carryback provision and instead elect to carryforward any allowable net operating loss for this taxable year.

Signature _____ Date _____ Email Address _____

Instructions For Preparation of Alabama
Form NOL-F85

Computation of Net Operating Loss – Fiduciary Return (Form 41). This form is used to compute the amount of net operating loss originating in an estate or trust's tax year. Part III of the form is used to make an election to forfeit the carryback of the net operating loss to a prior tax year. Estates and trusts are allowed a net operating loss deduction by §40-18-15.2. Additional guidance concerning the computation of the net operating loss, the carrying back of the net operating loss, and the carrying forward of the net operating loss, can be obtained from Alabama Income Tax Regulation Number 810-3-15.2-.01. Visit the Alabama Department of Revenue's Web site (www.revenue.alabama.gov) to obtain copies of Alabama income tax forms, schedules, and form preparation instructions.

Alabama Net Operating Loss. An Alabama net operating loss is the amount by which deductions (after modifications) exceed gross income. A net operating loss may result from losses incurred in a trade or business, from the sale of assets used in a trade or business, or from personal casualties or thefts. For the purpose of computing the amount of an allowable net operating loss, certain items of income, expense or deduction will be classified as "business" or "nonbusiness." The following is a partial list of items regularly classified as business or nonbusiness:

Business income, expense and deductions include, but are not limited to: salary and wages; income or loss from a trade or business; gain or loss from sale of assets used in a trade or business; losses on Internal Revenue Code §1244 stock (up to the amount of ordinary loss allowed for federal income tax purposes); rental income or loss; income or loss from a partnership; income or loss from an Alabama S corporation; income or loss from farming; employee moving expenses; employee business expenses; and casualty and theft losses.

Nonbusiness income, expense and deductions include, but are not limited to: medical expenses; taxes; interest expense; charitable contributions; miscellaneous deductions other than employee business expenses; gain from the sale of a personal residence to the extent recognized in accordance with §40-18-14; gain or loss from the sale of assets not used in a trade or business (including distributive shares of gains or losses from such assets held by a partnership or an Alabama S corporation); interest and dividend income (including distributive shares of interest and dividend income received by a partnership or an Alabama S corporation); losses on Internal Revenue Code §1244 stock (in excess of the amount of ordinary loss allowed for federal income tax purposes) federal income tax refunds or tax paid; alimony received; taxable pension and annuities; income or loss from a trust or estate; deductible contributions to IRA retirement plans; Keogh retirement plans; employee benefit contributions paid by an employer; penalties for early withdrawal of savings; alimony paid and disability income exclusions. In computing the amount of a net operating loss originating for a particular taxable year, the following modifications must be made: (i) no deduction may be taken for any net operating loss carried over from another year, (ii) no deduction is allowed for the personal exemption allowed by §40-18-19, and (iii) nonbusiness deductions, including the federal income tax deduction, may not exceed nonbusiness income.

Form Preparation

Enter the loss year ending. Enter the name of the estate or trust and the federal employer identification number of the estate or trust.

Part I – Excess of Nonbusiness Deductions Over Nonbusiness Income

In computing a net operating loss that originates in a tax year, nonbusiness deductions are allowed only to the extent of nonbusiness income.

Lines 1 through 3b – Enter the nonbusiness deductions claimed on the Alabama Form 41 for the tax year, as specified by the line instructions. For the items included in the amount for line 3b, provide a complete description and explanation.

Line 4. Enter the total of the amounts of lines 1 through 3b.

Lines 5 through 10. Enter the nonbusiness income reported on the Alabama Form 41 for the tax year, as specified by the line instructions. For the items included in the amount for line 10, provide a complete description and explanation.

Line 11. Enter the total of lines 5 through 10.

Line 12. The amount entered on line 12 must be zero, if nonbusiness income (line 11) exceeds nonbusiness deductions (line 4). Otherwise, subtract the amount on line 11 from the amount on line 4, and enter the result on line 12. The amount entered on line 12 must also be entered on line 15.

Part II – Computation of Net Operating Loss

Line 13. Enter the amount from Alabama Form 41, page 1, line 5 (Alabama Taxable Income).

Line 14. Enter the amount from Form 41, page 1, line 3.

Line 15. Enter the amount from line 12 of the Form NOL-F85.

Line 16. Enter the sum of line 14 and line 15.

Line 17. Enter the sum of line 13 and line 16. If the amount on line 17 is zero or greater, the taxpayer does not have a net operating loss for the tax year.

Part III – Election to Forfeit Carryback Provision

This part of the form is used to make the election provided for by §40-18-15.2 , allowing the taxpayer to forego carryback the net operating loss to the two prior tax years, and carry the net operating loss forward only.

Please Note: losses from Estates and Irrevocable trusts cannot be passed to beneficiary or owner see Code of Alabama 1975, 810.3.25.11(f), 810.3.25.05(8)b.

FORM
NOL-F85A
REV. 6/13

ALABAMA
DEPARTMENT OF REVENUE

Application of Net Operating Loss Carryback or Carryforward
Fiduciary Return (Form 41)

For year ending 12/31, 2012

Name of Estate or Trust as shown on Form 41	Federal Employer Identification Number
Trust Test Six	

PURPOSE OF FORM NOL-F85A: Form NOL-F85A is designed to apply a net operating loss sustained by an estate or trust (Form 41) to the next taxable year to which the loss is being carried. Before Form NOL-F85A can be completed, you must first complete **Form NOL-F85** to determine if you have an allowable net operating loss and the amount that may be carried back or carried forward. **See instructions for further information.**

1 (a) Enter the taxable year during which the net operating loss was incurred. ▶ Beginning 1/1, 2011, Ending 12/31, 2011.

(b) Did you elect on Form NOL-F85 to forfeit the election to carry this loss back? ☒ Yes ☐ No

PART I – Computation of Unused Net Operating Loss

2	Enter the net operating loss as shown on line 17, Part II of Form NOL-F85 or as shown on line 4, Form NOL-F85A. (See instructions)	2	176,900
3	**ALABAMA TAXABLE INCOME.** Enter the amount shown on Alabama Form 41, page 1, line 5, for the tax year to which this loss is being carried, if tax year 2006 and after. Refer to the instructions if carrying an NOL back or forward to a tax year prior to 2006.	3	84,500
4	**UNUSED NET OPERATING LOSS.** If line 2 exceeds line 3, subtract line 3 from line 2 and enter the difference here. If line 3 exceeds line 2, enter zero. If the amount on this line is more than zero, you may carry this amount forward to the next applicable year (Form NOL-F85A) ▶	4	92,400

PART II – Application To Carryback / Carryforward Year

5	Enter the Alabama Taxable Income from Alabama Form 41 (page 1, line 5 for tax year 2006 and after), as last determined. Refer to the instructions if carrying an NOL back or forward to a tax year prior to 2006.	5	84,500
6	**NET OPERATING LOSS TO BE APPLIED.** Subtract the amount on line 4 from the amount on line 2 and enter the difference here. If line 4 is zero, enter the amount shown on line 2 ▶	6	84,500
7	**ALABAMA TAXABLE INCOME AFTER APPLICATION OF NET OPERATING LOSS.** Subtract line 6 from line 5 and enter the result here. ▶	7	0

PART III – Computation of Tax

Complete lines 8 through 11 below to determine the correct tax due after application of the net operating loss.

8	$ _____ at 2 percent *(on first $500 or fraction thereof, of amount taxable as shown on line 7)*	8	
9	$ _____ at 4 percent *(on next $2,500 or fraction thereof, of amount taxable as shown on line 7)*	9	
10	$ _____ at 5 percent *(on all over $3,000 of amount taxable as shown on line 7)*	10	
11	**TOTAL TAX DUE AFTER APPLICATION OF NET OPERATING LOSS.** (Add lines 8, 9 and 10.) Enter here and also on line 6, Form 41 ▶	11	0

ADOR

Instructions For Preparation of Alabama
Form NOL-F85A

Application of Net Operating Loss Carryback or Carryforward – Fiduciary Return (Form 41)

This form is used to determine the amount of a net operating loss (carried to the tax year from another tax year) that can be claimed as a net operating loss deduction during the tax year.

Additional guidance concerning the computation of the net operating loss, the carrying back of the net operating loss, and the carrying forward of the net operating loss, can be obtained from Alabama Income Tax Regulation Number 810-3-15.2-.01. Visit the Alabama Department of Revenue's Web site (www.revenue.alabama.gov) to obtain copies of Alabama income tax forms, schedules, and form preparation instructions.

Carryback and Carryforward of an Alabama NOL. For loss years beginning after December 31, 1997, an NOL may be carried back and deducted from taxable income in each of the preceding two years or until exhausted.

NOL Carrybacks. When an NOL is carried back to a prior year, taxable income will be recomputed in such prior year. If the NOL being carried back is equal to or greater than taxable income as previously reported or last adjusted (including any deductions for NOLs carried over or carried back to such year from any loss year prior to the current loss year), taxable income will be reduced to zero. If the NOL being carried back is less than taxable income as previously reported or last adjusted (including any deductions for NOLs carried over or carried back to such year from any loss year prior to the current loss year), taxable income for the carryback year is reduced by the amount of the NOL.

Application of an NOL Carryforward. An NOL may be carried forward 15 tax years subsequent to the loss year in order of time or until exhausted, whichever occurs first.

Computation of Taxable Income in a Carryforward Year. If the NOL being carried forward is equal to or greater than taxable income, taxable income will be reduced to zero. Taxable income is computed without considering the current NOL carryover to be applied, but will reflect any prior carryovers which have been applied. See Computation of Any Remaining NOL Carryover After Application of an NOL below for the computation of any remaining NOL for carryover to a subsequent year.

If the NOL being carried forward is less than taxable income (computed without considering the NOL deduction to be applied); taxable income will be reduced (but not below zero) by the amount of the NOL carried forward.

Computation of Any Remaining NOL Carryover After Application of an NOL. In order to determine the amount of an NOL available for carryover, an adjustment must be made to the taxable income for the year in which the deduction was taken. The amount by which the NOL will be reduced is called "modified taxable income." The modification required by law provides that no deduction is allowed for the personal exemption provided in §40-18-19. If a prior NOL carryback or carryover was fully absorbed in the year, and a subsequent NOL is carried to the year and cannot be fully absorbed, the modification required above would be computed after taxable income has been recomputed for the year. If the subsequent NOL can be fully absorbed, after taxable income has been recomputed for the prior NOL, taxable income for the year must be recomputed, with taxable income reduced again for the subsequent NOL.

Form Preparation

Enter the tax year information. Enter the name of the estate or trust and the federal employer identification number of the estate or trust.

Part I – Computation of Unused Net Operating Loss

Line 2. Enter the net operating loss as shown on line 17 of the Alabama Form NOL-F85 for the tax year the loss was incurred. If the net operating loss has previously been carried to a tax year, enter the amount from line 4 of the Alabama Form NOL-F85A filed for the tax year to which the net operating loss was carried.

Line 3. Enter the Alabama Taxable Income from page 1, line 5, of the Alabama Form 41 for the tax year to which the net operating loss is being carried.

Line 4. If the amount entered on line 2 exceeds the amount entered on line 3, enter on line 4 the amount that line 2 exceeds line 3. Otherwise, enter zero.

Part II – Application to Carryback of Carryforward Year

Line 5. Enter the Alabama Taxable Income from page 1, line 5 of the Form 41 for the carryback or carryforward tax year.

Line 6. Enter the net operating loss to be applied to the carryback or carryforward tax year. If the amount on line 4 is zero, enter the amount entered on line 2. Otherwise enter the amount that line 2 exceeds the amount on line 4.

Line 7. Enter the Alabama Taxable Income after Application of Net Operating Loss which equals the amount that line 5 exceeds the amount entered on line 6.

Part III – Computation of Tax

Compute the tax as shown on the form for lines 8 through 10, entering the total on line 11. The amount from line 11 must be carried forward to page 1, line 6 of the Form 41 and "Alternate tax method" (ATM) should be checked.

Please Note: losses from Estates and Irrevocable trusts cannot be passed to beneficiary or owner see Code of Alabama 1975, 810.3.25.11(f), 810.3.25.05(8)b.

FORM
NOL-F85A
REV. 6/13

ALABAMA
DEPARTMENT OF REVENUE

Application of Net Operating Loss Carryback or Carryforward
Fiduciary Return (Form 41)

For year ending 12/31, 2013

Name of Estate or Trust as shown on Form 41	Federal Employer Identification Number
Trust Test Six	

PURPOSE OF FORM NOL-F85A: Form NOL-F85A is designed to apply a net operating loss sustained by an estate or trust (Form 41) to the next taxable year to which the loss is being carried. Before Form NOL-F85A can be completed, you must first complete **Form NOL-F85** to determine if you have an allowable net operating loss and the amount that may be carried back or carried forward. **See instructions for further information.**

1 (a) Enter the taxable year during which the net operating loss was incurred. ▶ Beginning 1/1, 2011, Ending 12/31, 2011.

(b) Did you elect on Form NOL-F85 to forfeit the election to carry this loss back? ☒ Yes ☐ No

PART I – Computation of Unused Net Operating Loss

2	Enter the net operating loss as shown on line 17, Part II of Form NOL-F85 or as shown on line 4, Form NOL-F85A. (See instructions)	2	92,400
3	**ALABAMA TAXABLE INCOME.** Enter the amount shown on Alabama Form 41, page 1, line 5, for the tax year to which this loss is being carried, if tax year 2006 and after. Refer to the instructions if carrying an NOL back or forward to a tax year prior to 2006.	3	1,080,908
4	**UNUSED NET OPERATING LOSS.** If line 2 exceeds line 3, subtract line 3 from line 2 and enter the difference here. If line 3 exceeds line 2, enter zero. If the amount on this line is more than zero, you may carry this amount forward to the next applicable year (Form NOL-F85A) ▶	4	

PART II – Application To Carryback / Carryforward Year

5	Enter the Alabama Taxable Income from Alabama Form 41 (page 1, line 5 for tax year 2006 and after), as last determined. Refer to the instructions if carrying an NOL back or forward to a tax year prior to 2006.	5	1,080,908
6	**NET OPERATING LOSS TO BE APPLIED.** Subtract the amount on line 4 from the amount on line 2 and enter the difference here. If line 4 is zero, enter the amount shown on line 2 ▶	6	92,400
7	**ALABAMA TAXABLE INCOME AFTER APPLICATION OF NET OPERATING LOSS.** Subtract line 6 from line 5 and enter the result here. ▶	7	988,508

PART III – Computation of Tax

Complete lines 8 through 11 below to determine the correct tax due after application of the net operating loss.

8	$ 500 at 2 percent *(on first $500 or fraction thereof, of amount taxable as shown on line 7)*	8	10
9	$ 2,500 at 4 percent *(on next $2,500 or fraction thereof, of amount taxable as shown on line 7)*	9	100
10	$ 985,508 at 5 percent *(on all over $3,000 of amount taxable as shown on line 7)*	10	49,275
11	**TOTAL TAX DUE AFTER APPLICATION OF NET OPERATING LOSS.** (Add lines 8, 9 and 10.) Enter here and also on line 6, Form 41 ▶	11	49,385

ADOR

Instructions For Preparation of Alabama
Form NOL-F85A

Application of Net Operating Loss Carryback or Carryforward – Fiduciary Return (Form 41)

This form is used to determine the amount of a net operating loss (carried to the tax year from another tax year) that can be claimed as a net operating loss deduction during the tax year.

Additional guidance concerning the computation of the net operating loss, the carrying back of the net operating loss, and the carrying forward of the net operating loss, can be obtained from Alabama Income Tax Regulation Number 810-3-15.2-.01. Visit the Alabama Department of Revenue's Web site (www.revenue.alabama.gov) to obtain copies of Alabama income tax forms, schedules, and form preparation instructions.

Carryback and Carryforward of an Alabama NOL. For loss years beginning after December 31, 1997, an NOL may be carried back and deducted from taxable income in each of the preceding two years or until exhausted.

NOL Carrybacks. When an NOL is carried back to a prior year, taxable income will be recomputed in such prior year. If the NOL being carried back is equal to or greater than taxable income as previously reported or last adjusted (including any deductions for NOLs carried over or carried back to such year from any loss year prior to the current loss year), taxable income will be reduced to zero. If the NOL being carried back is less than taxable income as previously reported or last adjusted (including any deductions for NOLs carried over or carried back to such year from any loss year prior to the current loss year), taxable income for the carryback year is reduced by the amount of the NOL.

Application of an NOL Carryforward. An NOL may be carried forward 15 tax years subsequent to the loss year in order of time or until exhausted, whichever occurs first.

Computation of Taxable Income in a Carryforward Year. If the NOL being carried forward is equal to or greater than taxable income, taxable income will be reduced to zero. Taxable income is computed without considering the current NOL carryover to be applied, but will reflect any prior carryovers which have been applied. See Computation of Any Remaining NOL Carryover After Application of an NOL below for the computation of any remaining NOL for carryover to a subsequent year.

If the NOL being carried forward is less than taxable income (computed without considering the NOL deduction to be applied); taxable income will be reduced (but not below zero) by the amount of the NOL carried forward.

Computation of Any Remaining NOL Carryover After Application of an NOL. In order to determine the amount of an NOL available for carryover, an adjustment must be made to the taxable income for the year in which the deduction was taken. The amount by which the NOL will be reduced is called "modified taxable income." The modification required by law provides that no deduction is allowed for the personal exemption provided in §40-18-19. If a prior NOL carryback or carryover was fully absorbed in the year, and a subsequent NOL is carried to the year and cannot be fully absorbed, the modification required above would be computed after taxable income has been recomputed for the year. If the subsequent NOL can be fully absorbed, after taxable income has been recomputed for the prior NOL, taxable income for the year must be recomputed, with taxable income reduced again for the subsequent NOL.

Form Preparation

Enter the tax year information. Enter the name of the estate or trust and the federal employer identification number of the estate or trust.

Part I – Computation of Unused Net Operating Loss

Line 2. Enter the net operating loss as shown on line 17 of the Alabama Form NOL-F85 for the tax year the loss was incurred. If the net operating loss has previously been carried to a tax year, enter the amount from line 4 of the Alabama Form NOL-F85A filed for the tax year to which the net operating loss was carried.

Line 3. Enter the Alabama Taxable Income from page 1, line 5, of the Alabama Form 41 for the tax year to which the net operating loss is being carried.

Line 4. If the amount entered on line 2 exceeds the amount entered on line 3, enter on line 4 the amount that line 2 exceeds line 3. Otherwise, enter zero.

Part II – Application to Carryback of Carryforward Year

Line 5. Enter the Alabama Taxable Income from page 1, line 5 of the Form 41 for the carryback or carryforward tax year.

Line 6. Enter the net operating loss to be applied to the carryback or carryforward tax year. If the amount on line 4 is zero, enter the amount entered on line 2. Otherwise enter the amount that line 2 exceeds the amount on line 4.

Line 7. Enter the Alabama Taxable Income after Application of Net Operating Loss which equals the amount that line 5 exceeds the amount entered on line 6.

Part III – Computation of Tax

Compute the tax as shown on the form for lines 8 through 10, entering the total on line 11. The amount from line 11 must be carried forward to page 1, line 6 of the Form 41 and "Alternate tax method" (ATM) should be checked.

Please Note: losses from Estates and Irrevocable trusts cannot be passed to beneficiary or owner see Code of Alabama 1975, 810.3.25.11(f), 810.3.25.05(8)b.