Instructions for Form 172

(Rev. December 2024)

Net Operating Losses (NOLs) for Individuals, Estates, and Trusts
For use with Form 172 (Rev. December 2024) or later revision

Section references are to the Internal Revenue Code unless otherwise noted.

Future Developments

For the latest information about developments related to Form 172 and its instructions, such as legislation enacted after they were published, go to IRS.gov/Form172.

What's New

This form was created for taxpayers (other than corporations) to figure the amount of net operating loss that is available to carry back or carry forward.

Reminders

NOL carryback eliminated. Generally, you can only carry NOLs arising in tax years after 2020 to a later year. An exception applies to certain farming losses, which may be carried back 2 years. See section 172(b) and Pub. 225, Farmer's Tax Guide.

NOL deduction limitation. In general, your NOL deduction for tax years beginning after December 31, 2020, cannot exceed the sum of: (1) the NOLs carried to the year from tax years beginning before January 1, 2018; plus, (2) the lesser of: (a) the NOLs carried to the year from tax years beginning after December 31, 2017, or (b) 80% of the excess (if any) of taxable income computed without regard to deductions for NOLs, or Qualified Business Income (QBI), or section 250 deductions, over the NOLs carried to the year from tax years beginning before January 1, 2018.

General Instructions

Purpose of Form

Individuals, estates, and trusts use Form 172 to figure the amount of the NOL that is available for carrying back or forward.

If your deductions for the year are more than your income for the year, you may have a net operating loss. An NOL year is the year in which an NOL occurs. You can use an NOL by deducting it from your income in another year or years.

To have an NOL, your loss must generally be caused by deductions from your:
- Trade or business,
- Work as an employee (although not deductible for most taxpayers for 2018 through 2025),
- Casualty and theft losses resulting from a federally declared disaster,
- Moving expenses (although not deductible for most taxpayers for 2018 through 2025), or
- Rental property.

A loss from operating a business is the most common reason for an NOL.

Partnerships and S corporations generally can't use an NOL. However, partners or shareholders can use their separate shares of the partnership's or S corporation's business income and business deductions to figure their individual NOLs.

CAUTION *Carrying back an NOL to an earlier tax year may create an alternative minimum tax (AMT) liability for that earlier year. This may be true even if there was no AMT liability on the tax return filed for that earlier year.*

CAUTION *Carrying back an NOL to tax year 2021 may create an excess advance child tax credit (CTC) payment, based on the refigured adjusted gross income (AGI) and Modified AGI (MAGI). With the NOL reduction in MAGI, however, repayment protection under section 24(j) may reduce the amount of tax you owe, based on certain income thresholds. See the 2021 Instructions for Schedule 8812 (Form 1040) for more details.*

CAUTION *Individuals, estates, and trusts that carry NOLs back to years in which they have a section 965(a) inclusion ("965 year") may not use this form. You must use an amended return to carry back to such years.*

Keeping records. You should keep records for any tax year that generates an NOL for 3 years after you have used the carryback/carryforward or 3 years after the carryforward expires.

Election to waive carryback. A taxpayer may elect to waive carrybacks. See section 172 for details.

NOL Steps

Follow Steps 1 through 5 to figure and use your NOL.

Step 1. Complete your tax return for the year. You may have an NOL if a negative amount appears in these cases.
- Individuals—You subtract your standard deduction or itemized deductions from your adjusted gross income (AGI).
- Estates and trusts—You combine taxable income, charitable deductions, income distribution deduction, and exemption amounts from your Form 1041.

Step 2. Determine whether you have an NOL and its amounts. See How To Figure an NOL, later. If you do not have an NOL, stop here.

Step 3. If applicable, decide whether to carry the NOL back to a past year, or to waive the carryback period and instead carry the NOL forward to a future year. See When To Use an NOL, later.

Step 4. Deduct the NOL in the carryback or carryforward year. See How to Claim an NOL Deduction, later.

Step 5. Determine the amount of your unused NOL. See How to Figure an NOL Carryover, later. Carry the unused NOL to the next carryback or carryforward year and begin again at Step 4.

Note. If your NOL deduction includes more than one NOL amount, apply Step 5 separately to each NOL amount, starting with the amount from the earliest year.

How To Figure an NOL

If your deductions for the year are more than your income for the year, you may have an NOL.

There are rules that limit what you can deduct when figuring an NOL. In general, the following items are not allowed when figuring an NOL.

- Capital losses in excess of capital gains.
- The section 1202 exclusion of the gain from the sale or exchange of qualified small business stock.
- Nonbusiness deductions in excess of nonbusiness income.
- The NOL deduction.
- The section 199A deduction for qualified business income.

When To Use an NOL

If you have an NOL for a tax year ending after 2020, only the farming loss portion, if any, can be carried back.

NOL year. This is the year in which the NOL occurred.

Exception to the No Carryback Rule. Farming losses, defined next, qualify for a 2-year carryback period. Only the farming loss portion of an NOL can be carried back 2 years. The 80% limitation rule does not apply to a carryback period before 2021.

Farming business. A farming business is a trade or business involving cultivation of land or the raising or harvesting of any agricultural or horticultural commodity. A farming business can include operating a nursery or sod farm or raising or harvesting most ornamental trees or trees bearing fruit, nuts, or other crops. The raising, shearing, feeding, caring for, training, and management of animals is also considered a farming business.

A farming business does not include contract harvesting of an agricultural or horticultural commodity grown or raised by someone else. It also does not include a business in which you merely buy or sell plants or animals grown or raised entirely by someone else.

Farming loss. A farming loss is the smaller of:

- The amount that would be the NOL for the tax year if only income and deductions from farming businesses (as defined in section 263A(e)(4)) were taken into account, or
- The NOL for the tax year.

Annual losses limited. Noncorporate taxpayers may be subject to excess business loss limitations. For more information see *Excess Business Loss*, later.

Waiving the Carryback Period

To make this choice, attach a statement to your original return filed by the due date (including extensions) for the NOL year. This statement must show that you are choosing to waive the carryback period under section 172(b).

If you filed your original return on time but did not file the statement with it, you can make this choice on an amended return filed within 6 months of the due date of the return (excluding extensions). Attach a statement to your amended return, and write “Filed pursuant to section 301.9100-2” at the top of the statement.

Once you choose to waive the carryback period, it is generally irrevocable. The election must be made by the due date of the return, including extensions.

If you do not file this statement on time, you cannot waive the carryback period.

How to Carry an NOL Back or Forward

If you choose to carry back a farming loss, you must first carry the farming loss to the earliest year in the 2-year carryback period. If the farming loss is not used up, you can carry the rest to the next earliest carryback year, and then on to carryover years after the loss year, and so on.

If you waive the carryback period or do not use up all of the farming loss in the carryback period, you will have an NOL that can be carried forward indefinitely until used up. This NOL will be equal to the sum of what remains of the farming loss, plus any nonfarm NOL, plus any excess business loss for the NOL year. See *Excess Business Loss*, later. Start by carrying the NOL to the first tax year after the NOL year. If you do not use it up, carry the unused part to the next year. Continue to carry any unused part of the NOL forward until the NOL is used up.

For nonfarming businesses, since you can’t carry the NOL to an earlier year, your NOL deduction for tax years beginning after December 31, 2020, cannot exceed the sum of:

1. The NOLs carried to the year from tax years beginning before January 1, 2018; plus
2. The lesser of:

   a. The NOLs carried to the year from tax years beginning after December 31, 2017, or

   b. 80% of the excess (if any) of taxable income computed without regard to deductions for NOLs, or Qualified Business Income (QBI), or section 250 deductions, over the NOLs carried to the year from tax years beginning before January 1, 2018.

Only NOLs arising after 2017 and carried forward to a year after 2020 are subject to the 80%-of-taxable-income limit. The total amount of any NOL deduction for 2021 or thereafter that is attributable to NOLs from tax years after 2017 can’t exceed 80% of taxable income without regard to the NOL deduction or sections 199A or 250.

How to Claim an NOL Deduction

If you carried the NOL to an earlier year, your NOL deduction is the carried over NOL minus the NOL amount you used in the earlier year or years. If you carry more than one NOL to the same year, your NOL deduction is the total of these carrybacks and carryovers.

NOL resulting in no taxable income. If your NOL is more than the taxable income of the year you carry it to (figured before deducting the NOL), you will generally have an NOL carryover to the next year. See *How to Figure an NOL Carryover*, later, to determine how much NOL you have used and how much you carry to the next year.

Deducting a Carryback

If you carry back your NOL, you can use either Form 1045 or Form 1040-X. You can get your refund faster by using Form 1045, but you have a shorter time to file it and because it is not treated as a claim for credit or refund, you may need to file a claim for credit or refund (such as Form 1040-X) if your application on Form 1045 is disallowed. For more information, see the Instructions for Form 1045. You can use Form 1045 to apply an NOL to all carryback years. If you use Form 1040-X, you must use a separate Form 1040-X for each carryback year to which you apply the NOL.

Estates and trusts that do not file Form 1045 must file an amended Form 1041 (instead of Form 1040-X) for each carryback year to which NOLs are applied. Use a copy of the appropriate year's Form 1041, check the Net operating loss carryback box, and follow the Form 1041 instructions for amended returns. Include the NOL deduction with other deductions not subject to the 2% limit. Also, see the special procedures for filing an amended return due to an NOL carryback, explained under *Form 1040-X*, later.

Carrying back an NOL to an earlier tax year may create an alternative minimum tax (AMT) liability for that earlier year. This may be true even if there was no AMT liability on the tax return filed for that earlier year.

Form 1045. You can apply for a quick refund by filing Form 1045. This form results in a tentative adjustment of tax in the carryback year.

If the IRS refunds or credits an amount to you from Form 1045 and later determines that the refund or credit is too much, the IRS may assess and collect the excess immediately.

Generally, you must file Form 1045 on or after the date you file your tax return for the NOL year, but not later than 1 year after the end of the NOL year. If the last day of the NOL year falls on a Saturday, Sunday, or holiday, the form will be considered timely filed if postmarked on the next business day.

If you were affected by a federally declared disaster, you may have additional time to file your Form 1045. For more information, go to IRS.gov/DisasterTaxRelief.

Attach Form 172 to your Form 1045 if it applies.

Form 1040-X If you do not file Form 1045, you can file Form 1040-X to get a refund of tax because of an NOL carryback. Generally, file Form 1040-X for the carryback year within 3 years after the due date, including extensions, for filing the return for the NOL year.

*Filing Form 1040-X **does not** extend the carryback period. See When To Use an NOL, earlier.*

Attach a Form 172 for each NOL to your Form 1040-X if it applies to the computation of your NOL.

Deducting a Carryforward

If you carry forward your NOL to a tax year after the NOL year, list your NOL deduction as a negative figure on Schedule 1 (Form 1040) for the year to which the NOL is carried. Estates and trusts, include an NOL deduction on Form 1041.

Attach a Form 172 for each NOL to your Form 1040 or Form 1041 if it applies.

Change in Marital Status

If you and your spouse were not married to each other in all years involved in figuring NOL carrybacks and carryovers, only the spouse who had the loss can take the NOL deduction. If you file a joint return, the NOL deduction is limited to the income of that spouse.

For example, if your marital status changes because of death or divorce, and in a later year you have an NOL, you can carry back that loss only to the part of the income reported on the joint return (filed with your former spouse) that was related to your taxable income. After you deduct the NOL in the carryback year, the joint rates apply to the resulting taxable income.

Refund limit. If you are not married in the NOL year (or are married to a different spouse), and in the carryback year you were married and filed a joint return, your refund for the overpaid joint tax may be limited. You can claim a refund for the difference between your share of the refigured tax and your contribution toward the tax paid on the joint return. The refund cannot be more than the joint overpayment. Attach a statement showing how you figured your refund.

Figuring your share of a joint tax liability. There are five steps for figuring your share of the refigured joint tax liability.

1. Figure your total tax as though you had filed as married filing separately.

2. Figure your spouse's total tax as though your spouse also had filed as married filing separately.

3. Add the amounts in (1) and (2).

4. Divide the amount in (1) by the amount in (3).

5. Multiply the refigured tax on your joint return by the amount figured in (4). This is your share of the joint tax liability.

Figuring your contribution toward tax paid. Unless you have an agreement or clear evidence of each spouse's contributions toward the payment of the joint tax liability, figure your contribution by adding the tax withheld on your wages and your share of joint estimated tax payments or tax paid with the return. If the original return for the carryback year resulted in an overpayment, reduce your contribution by your share of the tax refund. Figure your share of a joint payment or refund by the same method used in figuring your share of the joint tax liability. Use your taxable income as originally reported on the joint return in steps 1 and 2 above, and substitute the joint payment or refund for the refigured joint tax in step 5.

Change in Filing Status

If you and your spouse were married and filed a joint return for each year involved in figuring NOL carrybacks and carryovers, figure the NOL deduction on a joint return as you would for an individual. However, treat the NOL deduction as a joint NOL.

If you and your spouse were married and filed separate returns for each year involved in figuring NOL carrybacks and carryovers, the spouse who sustained the loss may take the NOL deduction on a separate return.

Special rules apply for figuring the NOL carrybacks and carryovers of married people whose filing status changes for any tax year involved in figuring an NOL carryback or carryover.

Separate to joint return. If you and your spouse file a joint return for the tax year, and were married but filed separate returns for any of the tax years involved in figuring the NOL carryback or carryover, treat the separate carryback or carryover as a joint carryback or carryover.

Joint to separate returns. If you and your spouse file separate returns for a tax year, but filed a joint return for any or all of the tax years involved in figuring the NOL carryover, figure each of your carryovers separately by separating the NOL portion for each spouse from within the joint return. Because the joint NOL is being carried to a tax year involving separate returns, the separate NOL of each spouse must be figured.

Joint return in NOL year. Figure each spouse's share of the joint NOL through the following steps.

1. Figure each spouse's NOL as if he or she filed a separate return. See *How To Figure an NOL*, earlier. If only one spouse has an NOL, stop here. All of the joint NOL is that spouse's NOL.

2. If both spouses have an NOL, multiply the joint NOL by a fraction, the numerator of which is spouse A's NOL figured in (1) and the denominator of which is the total of the spouses' NOLs figured in (1). The result is spouse A's share of the joint NOL. The rest of the joint NOL is spouse B's share.

Example 1. Mark and Nancy are married and file a joint return for the current tax year. They have an NOL of $5,000 from a farming business. They carry the NOL back to the second preceding tax year, a year in which Mark and Nancy filed separate returns. Figured separately, Nancy's current tax year deductions were more than her income, and Mark's income was more than his deductions. Mark does not have any NOL to carry back. Nancy can carry back the entire $5,000 NOL to her separate return for the second preceding tax year.

Example 2. Assume the same facts as in *Example 1*, except that both Mark and Nancy had deductions in the current tax year that were more than their income. Figured separately, his NOL is $1,800 and her NOL is $3,000. The sum of their separate NOLs ($4,800) is less than their $5,000 joint NOL because his deductions included a $200 net capital loss that is not allowed in figuring his separate NOL. The loss is allowed in figuring their joint NOL because it was offset by Nancy's capital gains. Mark's share of their $5,000 joint NOL is $1,875 ($5,000 × $1,800/$4,800) and Nancy's is $3,125 ($5,000 – $1,875).

How to Figure an NOL Carryover

If your NOL is more than your taxable income for the year to which you carry it (figured before deducting the NOL), you may have an NOL carryover. You must make certain modifications to your taxable income to determine how much NOL you will use up in that year and how much you can carry over to the next tax year. Your carryover is the excess of your NOL deduction over your modified taxable income for the carryback or carryforward year. If your NOL deduction includes more than one NOL, apply the NOLs against your modified taxable income in the same order in which you incurred them, starting with the earliest.

Modified taxable income. Your modified taxable income is your taxable income figured with the following changes.

1. You cannot claim an NOL deduction for the NOL carryover you are figuring or for any later NOL.
2. You cannot claim a deduction for capital losses in excess of your capital gains. Also, you must increase your taxable income by the amount of any section 1202 exclusion.
3. You cannot claim a deduction for your exemptions for yourself, your spouse, or your dependents.
4. You must figure any item affected by the amount of your AGI after making the changes in (1), (2), and (3) above, and certain other changes to your AGI that result from (1), (2), and (3). This includes income and deduction items used to figure AGI (for example, IRA deductions), as well as certain itemized deductions. To figure a charitable contribution deduction, do not include deductions for NOL carrybacks in the change in (1) but do include deductions for NOL carryforwards from tax years before the NOL year.

Your taxable income as modified cannot be less than zero.

You can use Form 172, Part II, to figure your modified taxable income for carryback years and your carryover from each of those years.

Excess Business Loss

Noncorporate taxpayers may be subject to excess business loss limitations. The at-risk limits and the passive activity limits are applied before figuring the amount of any excess business loss. An excess business loss is the amount by which the total deductions attributable to all of your trades or businesses exceed your total gross income and gains attributable to those trades or businesses plus the threshold amount for excess business losses. The threshold amount for your NOL year can be found in the *Instructions for Form 461*. The excess is treated as an NOL to be carried forward. Further, when carryforwards can be used, they can only offset 80% of taxable income in future years. A trade or business includes, but is not limited to, Schedule C and Schedule F activities, and certain activities reported on Schedule E. (In the case of a partnership or S corporation, although the limitation is applied at the partner or shareholder level, the trade or business determination is made at the entity's level.) Business gains and losses reported on Schedule D and Form 4797 are included in the excess business loss calculation. Excess business losses that are disallowed are treated as an NOL carryover to the following tax year. See Form 461 and its instructions for details. For application of these rules to farmers, see also Pub. 225 and the Instructions for Schedule F (Form 1040 or 1040-SR). Use *NOL Carryover with an Excess Business Loss Worksheet* below to figure the total NOL carryover with an excess business loss.

Example. For the current tax year, an unmarried taxpayer operates a Schedule C business and incurs a loss of $1 million. The taxpayer completes Form 461 and determines that they have incurred an excess business loss of $738,000. The taxpayer reports the excess business loss as a positive number on Schedule 1 (Form 1040 or 1040-SR) – effectively offsetting part of the loss claimed on Schedule C. This excess business loss of $738,000 will be treated as an NOL carryover to the next tax year. The taxpayer must then complete the *NOL Carryover with an Excess Business Loss Worksheet* below to figure the total NOL carryover from the current tax year to the next tax year.

NOL Carryover with an Excess Business Loss Worksheet

For Use by Individuals, Estates, and Trusts (Keep for you records.)

1. Enter the amount from Form 172, line 33, if less than zero. Enter as a negative number . . . . ______
2. Portion of line 1 above that is a loss that was carried back and used. Enter as a positive number . . . . ______
3. Enter the total excess business loss from Form 461. Enter as a negative number . . . . ______
4. Combine lines 1 through 3. This is your NOL to carry over to the next tax year . . . . ______

Specific Instructions

Tax Year

Above your name, enter the calendar year or other tax year you are using. If you are a fiscal year filer using a tax year other than January 1 through December 31, enter the beginning and ending months of your fiscal year in the entry space provided.

Address

P.O. box. Enter your box number only if your post office doesn't deliver mail to your home.

Foreign address. If you have a foreign address, enter the city name on the appropriate line. Don't enter any other information on that line, but also complete the spaces below that line. Don't abbreviate the country name. Follow the country's practice for entering the postal code and the name of the province, county, or state.

Part I—NOL

Complete Part I to figure the amount of the NOL that is available for carryback or carryforward.

Line 2—Nonbusiness Capital Losses

Don't include on this line any section 1202 exclusion amounts (even if entered as a loss on Schedule D (Form 1041)).

Line 6—Nonbusiness Deductions

Enter as a positive number deductions that aren't connected with a trade or business. They include:

- Health savings account deduction,
- Archer MSA deduction,
- Deductions for payments on behalf of a self-employed individual to a SEP, SIMPLE, or qualified plan,
- IRA deductions,
- Alimony paid,
- Most itemized deductions (except for casualty and theft losses resulting from a federally declared disaster and state income tax on trade or business income), and
- Standard deduction.

Don't include on line 6 any business deductions. These are deductions that are connected with a trade or business. They include:

- State income tax on income from your trade or business (including wages, salary, and unemployment compensation).
- Moving expenses for members of the Armed Forces on active duty.
- Educator expenses.
- The deduction for the deductible part of self-employed health insurance and the deduction for the deductible part of self-employment tax.
- Rental losses.
- Loss on the sale or exchange of business real estate or depreciable property.
- Your share of a business loss from a partnership or an S corporation.
- Ordinary loss on the sale or exchange of section 1244 (small business) stock.
- Ordinary loss on the sale or exchange of stock in a small business corporation or a small business investment company.
- If you itemize your deductions, casualty and theft losses resulting from a federally declared disaster (even if they involve nonbusiness property).
- Loss on the sale of accounts receivable (if you use an accrual method of accounting).
- Interest and litigation expenses on state and federal income taxes related to your business.
- Unrecovered investment in a pension or annuity claimed on a decedent's final return.
- Payment by a federal employee to buy back sick leave used in an earlier year.

Line 7—Nonbusiness Income Other Than Capital Gains

Enter income that isn't from a trade or business. Examples are ordinary dividends, annuities, and interest on investments. This includes:

- Your taxable IRA distributions.
- Pension benefits.
- Social security benefits.
- Annuity income.
- Dividends.
- Interest on investments.
- Your share of nonbusiness income from a partnership or an S corporation.

Don't enter business income on line 7. This is income from a trade or business and includes:

- Salaries and wages.
- Self-employment income.
- Unemployment compensation.
- Rental income.
- Gain on the sale or exchange of business real estate or depreciable property.
- Your share of business income from a partnership or an S corporation.

Line 17—Section 1202 Exclusion

Enter as a positive number on line 17 any gain you excluded under section 1202 on the sale or exchange of qualified small business stock.

Lines 19–22—Capital Loss Limitation

The amount deductible for capital losses is limited based on whether the losses are business capital losses or nonbusiness capital losses.

You can deduct your nonbusiness capital losses (line 2) only up to the amount of your nonbusiness capital gains without regard to any section 1202 exclusion (line 3). If your nonbusiness capital losses are more than your nonbusiness capital gains without regard to any section 1202 exclusion, you cannot deduct the excess.

You can deduct your business capital losses (line 11) only up to the total of:

- Your nonbusiness capital gains that are more than the total of your nonbusiness capital losses and excess nonbusiness deductions (line 10), and
- Your total business capital gains without regard to any section 1202 exclusion (line 12).

Line 23—NOL Deduction for Losses from Other Years

You cannot deduct any NOL carryovers or carrybacks from other years. Enter the total amount of your NOL deduction for losses from other years.

Part II—NOL Carryover

Complete this part to figure the NOL deduction for each carryback year and the amount to be carried forward, if not fully absorbed.

If an NOL is more than the modified taxable income for the earliest year to which it is carried, you must complete Part II to figure the amount of the NOL to be carried to the next tax year. The amount of the carryback is the excess, if any, of the NOL carryback over the modified taxable income for that earlier year. Modified taxable income is the amount figured on line 9 of Part II.

If you carry two or more NOLs to a tax year, figure your modified taxable income by deducting the NOLs in the order in which they were incurred. First, deduct the NOL from the earliest year, then the NOL from the next earliest year, etc. After you deduct each NOL, there will be a new, smaller, modified taxable income to compare to any remaining NOL.

Use one pair of columns to enter amounts before and after carryback for each year to which the loss or credit is being carried. Start with the earliest carryback year. Use the next pair of columns for the next consecutive preceding tax year if not fully absorbed. Enter the date the carryback year ends in the spaces provided in the column headings at the top of each page.

Line 1—NOL Deduction

For the second preceding tax year, enter on line 1 the amount of the current year farming loss carried back to the year. For the first preceding tax year, enter on line 1 the amount from line 10 of Part II for the second preceding tax year.

Line 2—Taxable Income Before the Current Year NOL Carryback

Don't take into account on this line any NOL carryback from the current year or later. However, do take into account NOLs that occurred in tax years before the current year and are otherwise allowable as carrybacks or carryforwards.

Note. If your taxable income is shown as zero on your tax return (or as previously adjusted) for any carryback year, refigure it without limiting the result to zero and enter it on line 2 as a negative number.

Line 3—Net Capital Loss Deduction

Individuals. Enter as a positive number the net long-term capital loss, if any, shown (or as previously adjusted) on Schedule D (Form 1040).

Estates and trusts. Enter as a positive number the net long-term capital loss, if any, shown (or as previously adjusted) on Schedule D (Form 1041).

Line 4—Section 1202 Exclusion

Enter as a positive number any gain excluded under section 1202 on the sale or exchange of qualified small business stock.

Line 5—Qualified Business Income Deduction

Enter as a positive number the amount of any qualified business income (QBI) deduction under section 199A(a) and domestic production activities deduction allocated from specified agricultural or horticultural cooperatives under section 199A(g) claimed on your return for tax years beginning after December 31, 2017. See the Instructions for Form 8995 and Form 8995-A for guidance on figuring QBI and the deductible amount based on threshold income levels.

Line 6—Adjustment to AGI

If you entered an amount on line 3 or line 4, you must refigure certain income and deductions based on AGI. These include:

- The special allowance for passive activity losses from rental real estate activities,
- Taxable social security benefits,
- IRA deductions,
- Excludable savings bond interest,
- The exclusion of amounts received under an employer's adoption assistance program,
- The student loan interest deduction, and
- The tuition and fees deduction.

For purposes of figuring the adjustment to each of these items, your AGI is increased by the total of the amounts on line 3 and line 4. Don't take into account any NOL carryback from the current year or later.

In most cases, figure the adjustment to each item of income or deduction in the order listed above and, when figuring the adjustment to each subsequent item, increase or decrease AGI by the total adjustments you figured for the previous items. However, a special rule applies if you received social security benefits and deducted IRA contributions. Use the worksheets in Pub. 590-A, Contributions to Individual Retirement Arrangements (IRAs), to refigure your taxable social security benefits and IRA deductions under the special rule.

Enter on line 6 the total adjustments made to the listed items. Attach a computation showing how you figured the adjustments.

Line 7—Adjustment to Itemized Deductions

Note. Miscellaneous itemized deductions are suspended for tax years beginning after 2017 and before 2026. See section 67.

Note. Overall limitation on itemized deductions is suspended for tax years beginning after 2017 and before 2026. See section 68.

Individuals. Skip this line if, for the applicable carryback year:

- You didn't itemize deductions; or
- The amounts on lines 3 through 5, are zero.

Otherwise, complete lines 11 through 33 and enter on line 7 the amount from line 33.

Estates and trusts. Refigure the miscellaneous itemized deductions shown (or as previously adjusted) on Form 1041 for the carryback year, and any casualty and theft loss deduction of property not used in a trade or business or for income-producing purposes shown (or as previously adjusted) on Form 4684, Casualties and Thefts, by substituting MAGI (see below) for the AGI of the estate or trust.

Subtract the refigured deductions and losses from the deductions and losses previously shown, and enter the difference on line 7.

Modified AGI for estates and trusts. For purposes of figuring miscellaneous itemized deductions subject to the 2% limit, figure MAGI by adding the following amounts to the AGI previously used to figure these deductions.

- The total of the amounts from lines 3 through 6 of Form 172, Part II.
- The exemption amount shown (or as previously adjusted) on Form 1041 for the carryback year.
- The income distribution deduction shown (or as previously adjusted) on Form 1041 for the carryback year.

For purposes of figuring casualty or theft losses, figure MAGI by adding the total of the amounts from lines 3 through 6 of Part II, to the AGI previously used to figure these losses.

Line 9—Modified Taxable Income

Combine lines 2 through 8. If zero or less, enter -0-.

Line 10—NOL Carryover to the Subsequent Year

Generally, subtract line 9 from line 1. If zero or less, enter -0-.

After completing all applicable columns, carry forward to the next year the amount, if any, on line 10 of the column for the first preceding tax year.

CAUTION *NOLs arising after 2017 and carried forward to a year after 2020 are subject to the 80%-of-taxable-income limit. The total amount of any NOL deduction for 2021 or thereafter that is attributable to NOLs from tax years after 2017 can't exceed 80% of taxable income without regard to the NOL deduction or sections 199A or 250. Attach a statement to your tax return showing how you figured the 80% limitation, if applicable.*

Line 20—Refigured Mortgage Insurance Premiums

Mortgage insurance premiums that are paid or accrued before 2022 may be deducted like qualified residence interest. See section 163. For years prior to 2022, is your MAGI from line 13 more than $100,000 ($50,000 if married filing separately)?

☐ **Yes.** Your deduction is limited. Refigure your deduction using the Mortgage Insurance Premiums Deduction Worksheet next.

☐ **No.** Your deduction isn't limited. Enter the amount from line 19 on line 20 and enter -0- on line 21.

Mortgage Insurance Premiums Deduction Worksheet—Line 20

Before you begin: ✓ See the instructions for line 20 to see if you must use this worksheet to refigure your deduction.

1.	Enter the total premiums you paid in the carryback year for mortgage insurance for a contract issued after 2006		**1.**
2.	Enter the amount from Form 172, Part II, line 13	**2.**	
3.	Enter $100,000 ($50,000 if married filing separately)	**3.**	
4.	Is the amount on line 2 more than the amount on line 3? ☐ **No.** Your deduction isn't limited. Enter the amount from line 19 on line 20 of Form 172, Part II, and enter -0- on line 21. **Don't** complete the rest of this worksheet. ☐ **Yes.** Subtract line 3 from line 2. If the result isn't a multiple of $1,000 ($500 if married filing separately), increase it to the next multiple of $1,000 ($500 if married filing separately). For example, increase $425 to $1,000, increase $2,025 to $3,000; or if married filing separately, increase $425 to $500, increase $2,025 to $2,500, etc.	**4.**	
5.	Divide line 4 by $10,000 ($5,000 if married filing separately). Enter the result as a decimal. If the result is 1.0 or more, enter 1.0		**5.**
6.	Multiply line 1 by line 5		**6.**
7.	**Refigured mortgage insurance premiums deduction.** Subtract line 6 from line 1. Enter the result here and on Form 172, Part II, line 20		**7.**

Line 25—Charitable Contributions

Enter your total gifts to charity reported on Schedule A (Form 1040 or Form 1040–NR), or as previously adjusted.

Line 26—Refigured Charitable Contributions

Refigure your charitable contributions using line 24 as your AGI unless, for any preceding tax year:

- You entered an amount other than zero on line 23; and
- You had any items of income or deductions based on AGI, which are listed in the instructions for line 6 of Part II.

If you can't use the amount from line 24 as your AGI, figure your AGI as follows.

1. Figure the adjustment to each item of income or deduction in the same manner as explained in the instructions for line 6 of Part II, except don't take into account any NOL carryback when figuring AGI. Attach a computation showing how you figured the adjustments.
2. Add lines 3, 4, 5, 11, and 23 of Part II to the total adjustments you figured in (1) above. Use the result as your AGI to refigure charitable contributions.

For NOL carryover purposes, you must reduce any charitable contributions carryover to the extent that the NOL carryover on line 10 is increased by any adjustment to charitable contributions.

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The time needed to complete and file this form will vary depending on individual circumstances. The estimated burden for individual taxpayers filing this form is approved under OMB control number XXXX-XXXX and is shown next.

Recordkeeping	XX hr., XX min.
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If you have suggestions for making this form simpler, we would be happy to hear from you. See the instructions for the tax return with which this form is filed.