

CARES Act Allows Modifications for Net Operating Losses

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Modifications for Corporate Net Operating Losses

The provision would allow carrybacks for up to five years for net operating losses (NOLs) recorded in tax years 2018, 2019, and 2020. NOL carryback capabilities were repealed by the 2017 tax revision (P.L. 115-97), and were previously allowed for up to two years. This provision would also temporarily lift the income limitation applicable to the corporate income tax treatment of NOLs under current law.

Modification of Limitation on Losses for Taxpayers Other than Corporations

This provision allows taxpayers not subject to the corporate income tax that incur NOLs, including pass-through businesses and sole proprietorships, to receive the temporary NOL carryback capabilities provided to corporations as described above.

For more information, please contact [Brian Dansa](mailto:bdansa@dopkins.com) at bdansa@dopkins.com.