Policy and Research
109 SW 9th Street
PO Box 3506
Topeka KS 66601-3506
Mark A. Burghart, Secretary

Kansas
Department of Revenue

Phone: 785-368-8222
Fax: 785-296-1279
www.ksrevenue.gov
Laura Kelly, Governor

NOTICE 24-17

NET OPERATING LOSS CARRYBACK

(AUGUST 15, 2024)

During the 2024 Legislative Session Senate Bill 410 was passed and signed into law. Section 18 of the Bill amends K.S.A. 79-32,117, which requires or permits addition and subtraction modifications to federal adjusted gross income when calculating Kansas adjusted gross income.

As amended, K.S.A. 79-32,117(c)(xxix) provides a subtraction modification for an individual taxpayer who carried back certain federal net operating losses arising in a taxable year beginning after December 31, 2017, and before January 1, 2021. Only individual taxpayers may claim the modification. The losses must have arisen pursuant to section 172(b)(1) of the federal internal revenue code as amended by the coronavirus aid, relief, and economic security act (CARES). The amount of the subtraction modification is equal to the amount of such federal net operating loss carryback for each applicable year.

If the amount of the carryback is greater than the taxpayer's Kansas adjusted gross income for the taxable year, the amount of the excess carryback may be carried forward and used as a subtraction modification in the following taxable year or years, for up to the 20th tax year following the taxable year of the net operating loss.

For purposes of this subsection, and specifically for this net operating loss provision, an extension of time to claim a refund or file an amended return for tax years 2018, 2019, and 2020 returns is provided, but such claim for refund or amended return must be filed on or before April 15, 2025.

Effective July 1, 2024, the amended provision will provide:

> (c)(xxix) For taxable years beginning after December 31, 2017, for an individual taxpayer who carried back federal net operating losses arising in a taxable year beginning after December 31, 2017, and before January 1, 2021, pursuant to section 172(b)(1) of the federal internal revenue code as amended by the coronavirus aid, relief, and economic security act (CARES act), the amount of such federal net operating loss carryback for each applicable year. If the amount of such federal net operating loss carryback exceeds the taxpayer's Kansas adjusted gross income for such taxable year, the amount thereof that exceeds such Kansas adjusted gross income may be carried forward as a subtraction modification in the following taxable year or years until the total amount of such federal net operating loss carryback has been deducted, except that no such unused amount shall be carried forward for deduction as a subtraction modification after the 20th taxable year following the taxable year of the net operating

loss. Notwithstanding any other provision of law to the contrary, an extension of time shall be allowed for a claim for refund or amended return for tax years 2018, 2019 or 2020 limited to the application of the provisions of this paragraph and such claim for refund or amended return must be filed on or before April 15, 2025.

If a net operating loss carryback was previously allowed as a deduction when computing Kansas adjusted gross income for a particular tax year, no subtraction modification for a net operating loss carryback under amended K.S.A. 79-32,117(c)(xxix) will be permitted for that same tax year.

TAXPAYER ASSISTANCE

Additional copies of this notice, forms or publications are available from our web site, www.ksrevenue.gov. If you have questions about this Notice, please contact:

Taxpayer Assistance Center
Kansas Department of Revenue
Scott Office Building, 1st Floor
120 SE 10th Ave
P. O. Box 3506
Topeka, KS 66601-3506
Phone: 785-368-8222
Fax: 785-291-3614