

# MICHIGAN Net Operating Loss MI-1045

**NOTE: Use for 2018 and future years.**

Type or print in blue or black ink.

	Year (YYYY)		Month-Year (MM-YYYY)		Month-Year (MM-YYYY)
For loss year		or for loss year beginning		and ending	
Filer's First Name		M.I.	Last Name		Filer's Full Social Security No. (Example: 123-45-6789)
If a Joint Return, Spouse's First Name		M.I.	Last Name		Spouse's Full Social Security No. (Example: 123-45-6789)
Home Address (Number, Street, or P.O. Box)					
City or Town				State	ZIP Code

## PART 1: COMPUTE THE NET OPERATING LOSS (NOL)

1. **Adjusted Gross Income (AGI).** Enter the amount from MI-1040, line 10 of the loss year ..... 1.  00

**Additions.** Enter the corresponding amounts from Schedule 1.

- 2. Gains from Michigan column of MI-1040D and MI-4797 from Schedule 1, line 3 ..... 2.  00
- 3. Losses attributable to other states from Schedule 1, line 4 ..... 3.  00
- 4. Net loss from federal column of your Michigan MI-1040D or MI-4797 from Schedule 1, line 5 ..... 4.  00
- 5. Oil, gas, and nonferrous metallic mineral expenses (Michigan sourced) deducted to arrive at AGI from Schedule 1, line 6 ..... 5.  00
- 6. Federal net operating loss deduction included in AGI from Schedule 1, line 7. 6.  00

7. **Total.** Add lines 2 through 6 ..... 7.  00

**Subtractions.** Enter the corresponding amounts from Schedule 1.

- 8. Gains from federal column of Michigan MI-1040D and MI-4797 from Schedule 1, line 12 ..... 8.  00
- 9. Income attributable to another state from Schedule 1, line 13 ..... 9.  00
- 10. Oil, gas, and nonferrous metallic minerals income (Michigan sourced) included in AGI from Schedule 1, line 19 ..... 10.  00
- 11. Miscellaneous subtractions from Schedule 1, line 22 (see instructions) ..... 11.  00

12. **Total.** Add lines 8 through 11. Enter as a negative number ..... 12.  00

13. Michigan NOL before required modifications. Combine lines 1, 7, and 12. If a positive number, enter "0". 13.  00

**Modifications.** Complete Part 2 before continuing.

- 14. Excess nonbusiness deductions from line 28 ..... 14.  00
- 15. Excess capital loss (see instructions). Enter as a positive number ..... 15.  00

16. **Total Modifications.** Add lines 14 and 15 ..... 16.  00

17. **Michigan NOL.** Combine lines 13 and 16. If zero or greater, **STOP**; you do not have a Michigan NOL ..... 17.  00

## PART 2: EXCESS NONBUSINESS DEDUCTIONS

### Michigan-sourced Nonbusiness Deductions

- 18. Payments to a retirement plan as an individual or self-employed person ..... 18.  00
- 19. Alimony deducted and/or penalty for early withdrawal of savings ..... 19.  00
- 20. Other adjustments to income ..... 20.  00
- 21. Subtotal. Add lines 18 through 20 ..... 21.  00

### Michigan-sourced Nonbusiness Income

- 22. Interest income ..... 22.  00
- 23. Dividend income ..... 23.  00
- 24. Net nonbusiness capital gains (before any allowable exclusion) ..... 24.  00
- 25. Pension, IRA and annuities ..... 25.  00
- 26. Taxable alimony and other income ..... 26.  00
- 27. Subtotal. Add lines 22 through 26 ..... 27.  00
- 28. **Excess nonbusiness deductions.** Subtract line 27 from line 21. If less than zero, enter "0". Enter here and carry to line 14 ..... 28.  00

Filer's Full Social Security Number

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**Michigan Farming Net Operating Loss Carryback.** Enter all numbers as positive numbers on this page except when instructed otherwise.

**PART 3: DETERMINE FARMING LOSS AVAILABLE FOR CARRYBACK**

29. Michigan NOL from line 17 .....	29.		00
30. Farming loss included in line 29 .....	30.		00
31. Enter the lesser of line 29 or line 30 .....	31.		00

**PART 4: REDETERMINE MICHIGAN INCOME TAX.**

If only one carryback year, use column A. Complete lines 32 through 56 one column at a time.

	A. Earliest Year		B. Following Year
32. Year to which farming loss is being carried back.....			
33. Reported federal AGI for the year indicated on line 32.....	00		00
34. Additions from Michigan Schedule 1 .....	00		00
35. Subtotal. Add lines 33 and 34 .....	00		00
36. Subtractions from Michigan Schedule 1 .....	00		00
37. Income subject to tax from MI-1040 line 14.....	00		00
38. NOL deduction.			
A. Earliest Year. Enter the lesser of line 31 or 80% of line 37, column A.....	00		
B. Following Year. Enter the lesser of line 56, column A or 80% of line 37, column B.			00
39. Balance. Subtract line 38 from line 37.....	00		00
40. Michigan exemption allowance.....	00		00
41. Taxable income. Subtract line 40 from line 39. If less than zero, enter "0".....	00		00
42. <b>Tax. Multiply line 41 by tax rate of carryback year.</b> .....	00		00
43. Nonrefundable tax credits.....	00		00
44. Tax due. Subtract line 43 from line 42. If less than zero, enter "0" .....	00		00
45. Refundable credits.....	00		00
46. Tax withheld .....	00		00
47. Tax paid with prior returns .....	00		00
48. Estimated tax payments .....	00		00
49. Total. Add lines 45 through 48 .....	00		00
50. Tax previously refunded or carried to next year.....	00		00
51. Balance of tax paid. Subtract line 50 from line 49. If less than zero, enter "0" .....	00		00
52. <b>Overpayment.</b> Subtract line 44 from line 51..... <b>REFUND</b>	00		00

**PART 5: COMPUTE THE NOL CARRYOVER.**

**Section A: Carryover from Earliest Year**

53. A. Enter the unused farming carryback. Subtract line 38 from line 31 .....			
B. Remaining farming NOL before modifications. Subtract line 38 from line 56, column A .....	00		00
54. Excess capital loss deduction included on line 37.....	00		00
55. Domestic production activities deduction (DPAD) included on line 37 .....	00		00
56. Tentative NOL carryover for following year. Subtract lines 54 and 55 from line 53. If less than zero, enter "0". See instructions .....	00		00

**Section B: Carryforward to the Year(s) After the Loss Year**

57. Non-farming NOL. Subtract line 30 from line 29. If less than zero, enter "0".....	57.		00
58. Farming NOL carryforward. Enter amount from line 56, Column B. If only one carryback year, enter amount from line 56, column A.....	58.		00
59. NOL carryforward. Add lines 57 and 58.....	59.		00

<b>Taxpayer Certification.</b> I declare under penalty of perjury that the information in this return and attachments is true and complete to the best of my knowledge.		<b>Preparer Certification.</b> I declare under penalty of perjury that this return is based on all information of which I have any knowledge.	
Filer's Signature	Date	Preparer's PTIN, FEIN or SSN	
Spouse's Signature	Date	Preparer's Name (print or type)	
<input type="checkbox"/> By checking this box, I authorize Treasury to discuss my return with my preparer.		Preparer's Business Name, Address and Telephone Number	

Mail your completed form to: **Michigan Department of Treasury, Lansing, MI 48956**

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### Net Operating Loss Deduction for Michigan Farmland Preservation Tax Credit Only

**INSTRUCTIONS:** This page is used to compute the allowable NOL deduction when determining eligibility for a Farmland Preservation Tax Credit in a carryover year. If only one carryback year or the loss is being carried forward, use column A. An NOL deduction allowed in household income cannot exceed Federal Modified Taxable Income (FMTI). **If you do not have a Michigan NOL and are claiming a Farmland Preservation Tax Credit (MI-1040CR-5) with a federal NOL, complete and submit this page only.**

**PART 6: COMPUTE THE LESSER OF FEDERAL NOL DEDUCTION OR FMTI**

	A. Earliest Year		B. Following Year	
60. Year to which NOL is being carried .....				
61. Federal NOL deduction. Enter as a positive number .....		00		00
62. Reported AGI for year shown above without current NOL deduction .....		00		00
63. a. Adjustments to AGI including DPAD (see instructions).....		00		00
b. Capital losses in excess of capital gains (\$3,000 maximum) .....		00		00
64. MODIFIED federal AGI. Add lines 62, 63a and 63b .....		00		00
65. a. Medical (see instructions for limitations).....		00		00
b. Taxes .....		00		00
c. Contributions.....		00		00
d. Interest.....		00		00
e. Casualty Loss .....		00		00
f. Miscellaneous (include U.S. Schedule A)(see instructions) .....		00		00
g. Limit on itemized deductions .....		00		00
h. If you did not itemize, use the standard deduction .....		00		00
66. Enter the total of 65a through 65g, or 65h if you did not itemize .....		00		00
67. FMTI. Subtract line 66 from line 64. If less than zero, enter "0" .....		00		00
68. Enter the lesser of line 61 or line 67. Enter here and carry to MI-1040CR-5, line 25		00		00

## Instructions for Form MI-1045, *MICHIGAN Net Operating Loss*

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### New for 2018

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#### Federal 2017 Tax Cuts and Jobs Act

The federal 2017 Tax Cuts and Jobs Act (TCJA) limits business losses that are included in Adjusted Gross Income (AGI) beginning in tax year 2018. The limitation is computed by aggregating business income and business losses. If the computation results in a loss, the Internal Revenue Code (IRC) 461(l) limits business losses in excess of business income to \$250,000 for filers who are single or married filing separately or \$500,000 for joint filers. Losses in excess of the \$250,000 or \$500,000 limitation become a net operating loss (NOL), which is available to claim in the following tax year.

Michigan taxable income may be affected for taxpayers who have a federal excess business loss and business activity outside of Michigan. As such, taxpayers subject to a federal excess business loss limitation must include *Michigan Excess Business Loss* (Form MI-461) with their income tax return to determine the Michigan portion of the allowed federal business loss and any resulting Michigan excess business loss NOL.

The TCJA eliminates most NOL carrybacks for NOLs incurred in tax years after 2017 and allows the NOL to be carried forward indefinitely until fully absorbed. A two-year carryback is available for farming NOLs. Additionally, NOL deductions from NOLs incurred after tax year 2017 are limited to the lesser of total NOL carryovers or 80 percent of taxable income (computed without the NOL deduction).

#### Revision of Form MI-1045

The Form MI-1045 was significantly revised for 2018 and future years. The new form is designed to compute the Michigan NOL by starting with AGI and making specific adjustments that are already reported on *Michigan Schedule 1 Additions and Subtractions*. Do not use the new *Michigan Net Operating Loss* Form MI-1045 (this form) to compute NOLs incurred in years before 2018. For NOLs incurred in years prior to 2018 use *Application for Michigan Net Operating Loss Refund* Form MI-1045 (old form).

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### What is a Net Operating Loss?

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An NOL occurs when business loss exceeds income in a particular year. In general terms, a federal NOL is computed by starting with federal taxable income and making the following modifications by eliminating:

- Personal exemption allowance
- Capital losses in excess of capital gains and any excluded capital gains
- NOL carryovers from other years
- Excess of nonbusiness deductions over nonbusiness income

If the end result is negative, a federal NOL has been created for use in another tax year. The excess capital loss deduction is calculated on a U.S. Form *1045 Schedule A*, line 21 or 22. An excess capital loss includes a U.S. Form *Schedule D* loss that is limited to \$3,000. The capital loss may be greater than \$3,000 if nonbusiness capital losses were offset by business gains that are also reported on U.S. Form *Schedule D*.

**Example:** \$10,000 nonbusiness stock loss and \$50,000 gain from the sale of a business asset (U.S. Form *4797*) produce a U.S. Form *Schedule D* gain of \$40,000. The \$10,000 stock loss is an excess capital loss and cannot be used to increase an NOL.

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### The Michigan NOL

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To determine whether an NOL was incurred from Michigan sources, regardless of whether or not there was a corresponding federal NOL, complete Form MI-1045:

- Page 1 of Form MI-1045 is used to compute the Michigan NOL for the year of the loss.
- Page 2 is used to compute a refund from a farming NOL carryback and to determine the amount of the remaining carryforward, if applicable.
- Page 3 is used to compute the federal NOL deduction for the Michigan farmland preservation tax credit only.

The Michigan NOL is computed independently of the federal NOL. The calculation of a Michigan NOL (for taxable income purposes) follows the same general format as the federal NOL calculation but begins with federal AGI rather than federal taxable income. Therefore, federal itemized deductions that may be used to create or contribute to the federal NOL are not considered when calculating the Michigan NOL. The Michigan NOL is subject to the allocation and apportionment provisions of chapter 3 of the Income Tax Act which excludes income and loss attributable to other states. Additionally, income from the production of oil and gas and nonferrous metallic mineral extraction subject to Michigan severance tax and expenses of production are also excluded.

See *Revenue Administrative Bulletin* 2017-14 for additional guidance.

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### Statute of Limitations for NOL Refund Claims

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A claim for refund based on an NOL must be filed within the four-year statute of limitations period. If an NOL is determined to have been sustained in a year that is outside the four-year statute of limitations period, a taxpayer may still claim the NOL deduction for the open tax years. However, the taxpayer must calculate the amount of the Michigan NOL that would have been absorbed by Michigan income subject to tax in the closed tax year(s) to determine the amount that can be carried forward to the open year(s). The Michigan Department of Treasury may redetermine the correct taxable income in a closed tax year in order to ascertain either the amount of an NOL or the amount of an NOL that is absorbed in the closed tax year in order to determine the correct NOL deduction for an open tax year.

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### Carryover of a Michigan NOL

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The Michigan NOL may be carried over in the same manner and to the same time periods as provided for in IRC 172 in effect for the year the loss was incurred. The amount of the Michigan NOL used in carryover years must be reduced by any Michigan sourced excess capital loss, domestic production activity deduction (DPAD) and other modifications required under IRC 172 or elections under IRC 965 claimed in the previous carryover year.

For example, if excess capital loss and DPAD were in your 2017 AGI, your NOL carryforward claimed in 2018 must be reduced to the extent the deductions reduced Michigan taxable income.

The amount of the available NOL deduction for a year is equal to the sum of all NOL carryforwards and carrybacks for the taxable year. A copy of the U.S. Form 1040 and all supporting federal tax schedules and statements **for the loss year(s)** that substantiate the NOL (see “Required Supporting Documentation” on page 6) must be included with Form MI-1045. If a carryover remains, this documentation must be submitted for every year the NOL deduction is claimed. For assistance in computing the Michigan NOL carryover, see “Michigan NOL Carryover Worksheet” available on Treasury’s Web site. **It is not necessary to amend an MI-1040 return to claim a refund of an NOL carryback.** However, the appropriate MI-1045 must be filed, depending on the year the loss was created.

When there is a change in filing status, Michigan follows federal regulations. For additional information, see Internal Revenue Service (IRS) Publication 536.

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### **Carryover of NOLs Created in 2018 and Later**

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#### **Carryback**

The federal 2017 TCJA limits the carryback of an NOL to only the portion of the NOL that is attributable to a farming loss from a farming business. A carryback of a non-farming NOL created after 2017 is not allowed. The term “farming business” is defined in IRC 263A. Farming loss, as defined in IRC 172, means the lesser of: the amount which would be the NOL for the taxable year if only income and deductions attributable to a farming business is considered or the amount of the NOL for such taxable year. Generally, the farming NOL carryback is limited to the two taxable years preceding the year of the loss. The farming carryback is subject to the 80 percent limitation. Any unused loss may be carried forward indefinitely until the loss is absorbed.

When carrying back a Michigan farming NOL to prior years, Form MI-1045 and supporting documentation must be filed within four years after the date set for filing the return for the year in which the NOL was incurred. For example, if the original NOL is incurred in 2018, the original 2018 return is due April 15, 2019. Form MI-1045 must be filed by April 15, 2023 to carry back the 2018 Michigan farming NOL to a year that is otherwise outside the general four-year statute of limitations period to claim a refund. If Form MI-1045 is filed after the four-year statutory period has expired, no refund is allowed for the carryback year. However, after absorbing the farming NOL in those carryback periods, a carryforward may still exist to offset income in subsequent years.

#### **Carryforward**

An NOL created in 2018 and future years can be carried forward indefinitely following the loss year. The Michigan NOL carryforward is limited to the lesser of the Michigan NOL deduction or 80 percent of Michigan taxable income before exemptions and any NOL deduction. To claim a carryforward, include a copy of Form MI-1045 and required supporting

documentation (see page 6) for the loss year(s) with each Form MI-1040 that claims an NOL deduction until that loss is absorbed. The NOL carryforward must be used in consecutive years. A schedule demonstrating how the Michigan NOL was absorbed must be included. For assistance, refer to the “Michigan NOL Carryover Worksheet” available on Treasury’s Web site. Any federal NOL deduction included in AGI must be added back on the Michigan Schedule 1. The Michigan NOL deduction is entered as a subtraction on the Michigan Schedule 1. If there are Michigan NOLs from multiple tax years, the total unused NOLs must be combined. **Keep all records for the loss year(s) until the NOL has been absorbed.**

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### **Carryover of NOLs Created Prior to 2018**

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#### **Carryback**

Use the old form, *Application for a Michigan Net Operating Loss Refund* Form MI-1045, to claim a refund from a carryback from an NOL created prior to 2018.

#### **Carryforward**

The carryforward period is limited to 20 consecutive years following the loss year for both federal and Michigan taxes. To claim a carryforward, include a copy of the old Form MI-1045 and required supporting documentation (see page 6) for the loss year(s) with each Form MI-1040 that claims an NOL deduction until that loss is absorbed or expired. The NOL carryforward must be used in consecutive years. A schedule demonstrating how the Michigan NOL was absorbed must be included.

Any federal NOL deduction included in AGI must be added back on the Michigan Schedule 1. The Michigan NOL deduction is entered as a subtraction on the Michigan Schedule 1. If there are Michigan NOLs from multiple tax years, the total unused NOLs must be combined. **Keep all records for the loss year(s) until the NOL has been absorbed or the carryforward period expired.**

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### **Farmland Preservation Tax Credit**

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The farmland preservation tax credit is computed using household income which allows for an NOL, instead of total household resources which does not allow for an NOL.

The NOL deduction allowed in household income is the lesser of the federal NOL deduction or Federal Modified Taxable Income (FMTI) in the year to which it is being carried back or carried forward as defined in IRC 172(b)(2). FMTI is computed by modifying federal taxable income. Some of the adjustments include removal of the federal exemption allowance, the capital loss deduction, DPAD and other required modifications, the NOL deduction, and recalculation of taxable social security and itemized deductions. For more information about FMTI, see IRS Publication 536.

When filing a refund claim due to the carryback of a federal NOL for the farmland preservation tax credit, prepare an amended Form MI-1040CR-5 for each year the loss is being carried back and include with Form MI-1045. The amount of the NOL deduction available for use in household income is calculated on page 3 of Form MI-1045 for both carrybacks and carryforwards. If you do not have a Michigan NOL and are claiming a farmland preservation tax credit with a federal NOL, complete page 3 only. The amount of the carryback or

carryforward deduction is the lesser of lines 61 or 67. Claim the amount of the allowed NOL deduction on the “federal net operating loss deduction” line on Form MI-1040CR-5 for each applicable year. There must be a federal NOL deduction in AGI in order to claim an NOL deduction in household income. Provide the supporting documentation with the amended MI-1040CR-5.

**Example:** Your 2016 FMTI is \$20,000, and your 2016 federal NOL deduction is \$50,000. The amount of the 2016 NOL deduction of \$50,000 that may be used in 2016 household income for a farmland preservation tax credit is limited to \$20,000.

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## Nonresidents and Part-Year Residents

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Nonresidents and part-year residents may also be entitled to a Michigan NOL deduction. Complete Part 1 of Form MI-1045 to determine if a Michigan NOL was incurred. Only Michigan-sourced income or loss may create a Michigan NOL. In a carryforward year, include the total amount of the federal NOL deduction used to arrive at federal AGI on Michigan Schedule NR, line 11, Column C. The Michigan NOL deduction is claimed on the Michigan Schedule 1 as a subtraction. The deduction of a Michigan NOL created after 2017 is limited to the lesser of the NOL deduction or 80 percent of taxable income.

**NOTE:** Do not report a Michigan NOL deduction on Michigan Schedule NR or claim the federal NOL deduction as an addition on Michigan Schedule 1.

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## Required Supporting Documentation

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Include a copy of the federal income tax return with applicable schedules and statements that substantiate the Michigan NOL:

- U.S. Form 1040
- U.S. Form 1040 Schedule 1
- U.S. Form 1040 Schedule(s) A, B, C, D, E, F
- U.S. Form 4797
- U.S. Form 4835
- U.S. Form 1045 Schedule A
- Schedule K-1(s)
- MI-1041 and final Schedule K-1 from the U.S. Form 1041 when an NOL is created from the termination of a trust
- Any other applicable documentation

Provide a statement indicating the business activity and location (city and state) of each source of income or loss. For assistance, refer to the “Business, Rental & Royalty Activity Worksheet” and its instructions available on Treasury’s Web site. If there is income or loss subject to apportionment, include a *Schedule of Apportionment* (Form MI-1040H).

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## Amending the NOL

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If you file an amended MI-1040 for a loss year which changes your NOL, you must file an amended MI-1045. Write “Amended” across the top and provide all required supporting documentation to substantiate any changes. It is not necessary to amend Form MI-1040 for the carryback year. To amend an NOL created prior to 2018, use *Application for Michigan Net Operating Loss Refund*.

# LINE-BY-LINE INSTRUCTIONS

*Lines not listed are explained on the form.*

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## Part 1: Compute the Net Operating Loss

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To complete Part 1, use entries on your *Michigan Individual Income Tax Return* (MI-1040) and Michigan Schedule 1 for the year the loss occurred.

**Line 11:** Miscellaneous subtractions are limited to:

- Losses from the disposal of property reported in the Michigan column of MI-1040D, line 13, or MI-4797, line 18b(2)
- Adjustments for out of state business activity not reported on another line of Schedule 1 or this form.

**Line 14:** Complete Part 2 and enter amount from line 28 on this line.

**Line 15:** The excess capital loss deduction must be calculated on a U.S. Form 1045 Schedule A, line 21 or 22, then entered on this line. An excess capital loss includes a U.S. Schedule D loss that is limited to \$3,000. The capital loss may be greater than \$3,000 if non-business capital losses were offset by business gains that are also reported on U.S. Schedule D.

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## Part 2: Excess Nonbusiness Deductions

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To complete Part 2, use the Michigan portion of entries from your U.S. Form 1040 for the year the loss occurred. Michigan follows the general NOL provisions of IRC 172 for determining nonbusiness deductions. See IRC 1.172-3 for more information.

**Lines 18 through 20:** Enter the Michigan-sourced nonbusiness deductions from U.S. Form 1040 Schedule 1, lines 23 through 35.

**Lines 22 through 26:** Enter the Michigan-sourced nonbusiness income included in line 13.

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## Part 4: Redetermine Michigan Income Tax

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**Line 34:** Enter Michigan Schedule 1 Additions from the year indicated on line 32.

**Line 36:** Enter Michigan Schedule 1 Subtractions from the year indicated on line 32.

**Line 37:** If less than zero, enter zero and STOP. You cannot apply an NOL carryback to a year that has no income subject to tax.

**Line 38, column A:** Multiply line 37, column A by 80%. Enter the lesser of line 31 or 80% of line 37, column A.

**Line 38, column B:** Multiply line 37, column B by 80%. Enter the lesser of line 56, column A or 80% of line 37, column B.

**Line 43:** For the year listed on line 32, enter the total of nonrefundable credits for Income Tax Imposed by government units outside Michigan, Michigan Historic Preservation Tax Credit carryforward and Small Business Investment Tax Credit.

**Line 44:** After determining the tax due, add any Voluntary Contributions and Use Tax reported on the MI-1040 for the year listed on line 32, if applicable.

**Line 45:** For the year listed on line 32, enter the total of refundable credits for homestead property tax, farmland preservation tax and any other refundable credits claimed for the tax year.

**Line 47:** For the year listed on line 32, enter the total tax paid with Form MI-1040 plus any additional tax paid after the original return was filed. Do not include penalty or interest that was reported on the return or included with any payment(s).

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**Part 5: Compute the NOL Carryover**

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**Lines 54 and 55:** Remove the excess capital loss and DPAD from the amount of the NOL available to be carried forward to the next year.

**Line 56, column A:** If the result is less than zero enter "0" or if carrying back to only one year, continue to Section B to compute a tentative NOL carryforward. If the result is greater than zero and applying the NOL to another carryback year, continue to Part 4, column B.

**Line 56, column B:** Continue to section B to compute a tentative NOL carryforward.

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**Part 6: Compute the Lesser of Federal NOL Deduction or FMTI**

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Part 6 must be completed if an NOL deduction will be used in the calculation of a farmland preservation tax credit.

**Line 62:** Do not include the current NOL deduction, however you must include all NOL carryovers reported in AGI from prior years, for the year listed on line 60.

**Line 63a:** Adjustments to AGI for taxable Social Security benefits and IRA deductions must be recalculated based on modified federal AGI. Add back any DPAD, if applicable.

**Lines 65a through 65h:** If itemized deductions were claimed on U.S. Form 1040 Schedule A enter on lines 65a through 65g. If not, enter the standard deduction on line 65h.

**Line 65a:** Medical deduction adjustments. Recalculate your medical expense deduction based on modified federal AGI and the federal limitation in effect for the year entered on line 60.

**Line 65c:** Recalculate your charitable contributions based on modified federal AGI using the applicable percentage limitation for the year entered on line 60.

**Line 65f:** Recalculate the miscellaneous deductions based on modified federal AGI that are subject to the 2 percent limitation. For tax years after 2017 miscellaneous deductions are no longer available. However, use this line to claim other itemized deductions reported on U.S. Schedule A.

**Line 65g:** If modified federal AGI exceeds certain amounts, itemized deductions may be limited. See limitations in effect for the year entered on line 60. This only applies to tax years prior to 2018.

**Line 67:** This is your FMTI. This amount cannot be less than zero.

**Line 68:** The NOL deduction available to claim on the MI-1040CR-5, line 25 is the lesser of line 61 or line 67.

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**Forms or Questions**

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Michigan tax forms are available at [www.michigan.gov/taxes](http://www.michigan.gov/taxes). Call 517-636-4486 if you have questions or to request tax forms.