

2025 Form 500NOLD Instructions

Corporation Application for Refund Carryback of Net Operating Loss

For a capital loss carryback, file an amended Virginia corporation return using Form 500 and Schedule 500ADJ.

Net Operating Loss Deduction Computations

There is no Virginia net operating loss available for carryback or carryover. However, since the starting point for the Virginia corporation income tax is federal taxable income (Form 500, Line 1), there is a statutory provision for net operating loss deductions to the extent that such losses are included in federal taxable income.

IRC Conformity Update for 2025

Virginia's rolling conformity with the Internal Revenue Code has been suspended for periods beginning on or after January 1, 2025, and before January 1, 2027. Virginia will continue to conform to the Inflation Reduction Act and the Consolidated Appropriations Act of 2023. Conformity refers to how closely Virginia follows definitions and other provisions of the federal tax code, including the definition of income. The 2023 General Assembly passed legislation that conforms Virginia's tax law to the federal tax code on a rolling basis, with certain exceptions. The legislation also sets guidelines for future federal law changes and their impact on Virginia returns. If changes are made to federal law that could impact your return and require adjustments, Virginia Tax will post information about this on its website at www.tax.virginia.gov.

Virginia conforms to the changes made to the net operating loss (NOL) deduction by the federal Tax Cuts and Jobs Act, including the general repeal of NOL carrybacks. For taxable years ending after December 31, 2017, only NOLs from certain farming losses and the losses incurred by certain insurance companies may be carried back as set forth in IRC § 172(b). No other types of NOLs may be carried back for such taxable years.

Virginia will continue to deconform from the following: bonus depreciation allowed for certain assets under federal law; the five-year carryback of certain federal net operating loss (NOL) deductions generated in the 2008 or 2009 taxable years; the federal income treatment of applicable high yield discount obligations; and the federal income tax treatment of cancellation of debt income realized in connection with certain business debts. In addition, Virginia will continue to deconform from the following temporary changes made by the Coronavirus Aid, Relief, and Economic Security ("CARES") Act: suspension of certain NOL limitations for Taxable Years 2018, 2019, and 2020 and increasing the business interest limitation for Taxable Year 2019 and 2020. Please see Tax Bulletin 21-4 for more information.

Since federal taxable income must be modified for Virginia additions and subtractions, the additions and subtractions of the loss year follow the federal loss to the year the loss is used.

Thus, if the federal net operating loss is fully used in carryback or carryover to 1 year, the entire net amount of additions and subtractions will be applied to such year. If, however, the federal net operating loss is partially used in each of several years, the net amount of additions and subtractions will be applied in the same ratio to the applicable years.

Federal Extended NOL Carryback Provisions

Virginia's deconformity from the extended NOL carryback period provisions in former IRC § 172(b)(1)(H) and Section 2303 of the CARES Act for certain NOLs generated in 2008, 2009, 2018, 2019, and 2020 does not apply to any other provision of the IRC that provides for an extended NOL carryback period. Taxpayers that carry back NOLs for federal income tax purposes pursuant to any other provision of the IRC may do so without making adjustment when computing their Virginia taxable income.

The federal net operating loss deduction may be used only to reduce federal taxable income, and a federal net operating loss deduction cannot create or increase a federal operating loss. For a copy of the Virginia regulations, visit the Laws, Rules, & Decisions page on the Department's website and click on "Virginia Law," or write to the **Virginia Department of Taxation, P.O. Box 1317, Richmond, VA 23218-1317 or call (804) 367-8037.**

For additional information, call **(804) 367-8037** or write to the **Virginia Department of Taxation, P.O. Box 1115, Richmond, VA 23218-1115.** You can download most Virginia income tax forms at www.tax.virginia.gov.

NOTE: Companies that apportion income — If federal taxable income is reduced to zero, allocable income is not considered.

Consolidated and combined filers must compute the amount of net operating loss deduction according to 23 Virginia Administrative Code (VAC) 10-120-320 through 10-120-327.

To avoid processing delays, mail Form 500NOLD to the address shown on the form in the upper left corner. Do not mail with your corporate return. Always enclose a copy of federal Form 1139 or Form 1120X. If neither of the federal forms were filed, provide a detailed explanation of the adjustment.

Line Instructions

1. Enter the taxable year for which the loss was sustained. Use **YYYY** format for the actual taxable year. Ex: 2024 or 2025. Do not express in ending month/year (MM/YY) format. For fiscal year filers, the actual taxable year is year on the return being filed (year of the beginning period of the fiscal year).

2. (a) Enter the amount of federal net operating loss.
 - (b) Enter the net Virginia supplemental conformity modifications (additions and subtractions). Conformity items to be included are: (1) Bonus depreciation for assets under IRC § 168(k), (2) Disposed assets that received the special bonus depreciation, (3) Income tax deductions related to applicable high yield discount obligations under IRC § 163(e)(5)(F), and (4) Other changes not listed.
Visit the Department's website, **www.tax.virginia.gov**, for information regarding conformity adjustments required as a result of the 2025 General Assembly Session. Enclose a schedule and explanation of such modifications.
 - (c) Enter the amount of Virginia conformity NOL available for carry back. [Line 2(a) plus or minus Line 2(b)].
3. Enter the net amount of the Virginia additions and subtractions from the loss year return. **DO NOT** include conformity modifications. The amount of conformity additions and subtractions claimed on Schedules 500ADJ and 500ADJS should be excluded from this amount. If modifications for cancellation of debt income or the domestic production activities deduction were claimed on Schedule 500ADJ as other subtractions or additions to federal taxable income, these should also be excluded from the amount entered on this line because these are also conformity modifications. For Taxable Year 2004 and beyond, if you made any payments to an affiliated corporation or related individual or other related entity for interest, royalties, or other expenses related to intangible property, include with other modifications. If the net amount is positive, it may not exceed the amount of the loss on Line 2.
 4. Enter the taxable year to which the loss was taken. Enter in YYYY format for the taxable year. Ex: 2022 or 2023. For fiscal year filers, it is the year of the return being amended (year of beginning period of fiscal year). This must correspond to the same year that the loss was taken for federal tax purposes (unless a 5-year carryback was used for federal purposes pursuant to former IRC § 172(b)(1)(H) or Section 2303(b) of the CARES Act in which case the years will differ since Virginia deconforms from these federal carryback provisions. The years may also differ due to Virginia's deconformity from the loss limitation suspension under Section 2303(a) of the CARES Act), or would be required to be taken if no federal carryback is applicable.
 5. (a) Enter the federal taxable income for the year being amended.
 - (b) Enter the net Virginia conformity modifications for the year(s) being amended (additions and subtractions). Conformity items to be included are: (1) Special bonus depreciation for assets under IRC § 168(k), (2) Disposed asset that received the special bonus depreciation, (3) Income tax deductions related to applicable high yield discount obligations under IRC § 163(e)(5)(F), and (4) Other changes not listed.
Visit the Department's website, **www.tax.virginia.gov**, for information regarding conformity adjustments required as a result of the 2025 General Assembly Session. Enclose a schedule and explanation of such modifications.
 - (c) Enter the conformity federal taxable income for Virginia purposes. [Line 5(a) plus or minus Line 5(b)].
6. Enter the amount of net operating loss (after adjustment for conformity as shown on Line 2(c)). Do not exceed the amount of income shown on Line 5(c). Any portion of Line 2(c) that is not deducted on this Form 500NOLD may be available for deduction in a taxable year subsequent to the year of loss.
 7. Subtract Line 6 from Line 5(c).
 8. Divide Line 6 by Line 2(c). Compute percentage to 1 decimal place.
 9. Enter the net additions and subtractions from the taxable year entered on Line 4. **DO NOT** include conformity modifications. The amount of conformity additions and subtractions claimed on Schedule 500ADJ should be excluded from this amount. If modifications for cancellation of debt income or the domestic production activities deduction were claimed on Schedule 500ADJ as other subtractions from or additions to federal taxable income, these should also be excluded from the amount entered on this line because these are also conformity modifications. For Taxable Year 2004 and beyond, if you made any payments to an affiliated corporation or related individual or other related entity for interest, royalties or other expenses related to intangible property, include the modification here. Include any prior modifications from NOLDs that were previously absorbed.
 10. Multiply Line 3 by the percentage on Line 8.
 11. Add Lines 7, 9, and 10. If the corporation must apportion their income (Schedule 500A filers), complete Lines 12 through 17. If not, go to Line 18 for the tax computation.
 12. Enter the total allocable income from Schedule 500A for the year shown on Line 4. If federal taxable income has been reduced to zero (Line 7), make no entry as there is no income to be allocated.
 13. Subtract Line 12 from Line 11.
 14. Enter the apportionment percentage from Schedule 500A for the year shown on Line 4.
 15. Multiply the amount on Line 13 by the percentage on Line 14.
 16. Enter the income allocated to Virginia. If federal taxable income has been reduced to zero (Line 7), make no entry as there is no income to be allocated.
 17. Add Lines 15 and 16.
 18. Multiply the amount on Line 11 or Line 17 by 6% and enter the result.

- 19.** (a) Enter the nonrefundable credits from any Telecommunications Companies Income Tax Credit along with any other nonrefundable credits reported on Schedule 500CR.
- (b) Enter any refundable credits reported on Schedule 500CR.
- (c) Enter the total of Line 19(a) and Line 19(b).

Reminder: Due to the reduced tax liability in carryback and carryforward years, the credits previously claimed in those years may need to be adjusted as well as the credit carryover amounts. An amended Form 500 should be filed indicating the change in the amount of credits

claimed and the corrected carryover amounts. Enclose a revised Schedule 500CR for the carryback year(s) to show the corrected credit and carryover amount after the NOL carryback has been applied. You must also enclose a revised Schedule 500CR to the amended returns filed to report the changes to the credit(s) claimed or carryover amount resulting from the NOL carryback.

- 20.** Subtract Line 19(c) from Line 18 and enter the result.
- 21.** Enter the amount of tax previously paid for the year shown on Line 4.
- 22.** Subtract Line 20 from Line 21. This is the refund amount.