



General Information

The 2025 Schedule NLD, Illinois Net Loss Deduction, is for use only in tax years ending on or after December 31, 2025, and before December 31, 2026.

If you are a corporation, other than an S corporation, an Illinois net loss deduction (NLD) is allowed, up to a maximum of \$500,000, for tax years ending on or after December 31, 2024, and before December 31, 2027.

When must I use this schedule?

You must use this schedule to claim an Illinois net loss deduction (NLD) carry forward on an original or amended Illinois tax return. An Illinois NLD can be used to reduce the base income allocable to Illinois **only** if the loss year return has been filed and to the extent the loss was not used to offset income from any other tax year. Corporations, excluding S corporations, that are members of a unitary group, **must** use Illinois Schedule UB/NLD, Unitary Net Loss Deduction, to claim any NLD. All S corporations and partnerships, including any that are members of a unitary group, **must** use Illinois Schedule NLD.

Do not complete this schedule if you have an Illinois net loss this year before subtracting any Illinois net loss carryovers.

Note: Ensure you have filed returns for all periods in which you were required to file an Illinois return. Unfiled returns may result in disallowed losses, processing delays, and further correspondence from the Illinois Department of Revenue (IDOR).

If you need more information about Illinois NLDs see the specific return instructions or 86 Ill. Adm. Code Sections [100.2050](#) and [100.2300 through 100.2330](#).

What is the purpose of this schedule?

The purpose of Illinois Schedule NLD is to calculate

- your total amount of Illinois net loss available,
- the amount deductible for this year, and
- the remaining NLD available for use in subsequent years.

To determine your "Illinois net loss" start with federal taxable income and apply all addition and subtraction modifications and all allocation and apportionment provisions.

In order to have any available NLD applied to your return, you must claim the deduction return. If you have an Illinois net loss for this tax year, you must file a return reporting the loss in order to carry the loss forward to a subsequent year.

If corrections have been made to the loss amount (e.g., federal audit or amended return), you must report the corrected amount on this schedule when you file.

What are the limitations of the Illinois NLD?

When determining if a loss year is available to be carried forward, corporations, other than S corporations, do not count

- tax years **ending on or after December 31, 2024, and before December 31, 2027**, for which the deduction would exceed \$500,000 (NLD limitation). You must count any years in which the deduction you took did not exceed \$500,000.
- tax years **ending on or after December 31, 2021, and before December 31, 2024**, for which the deduction would exceed \$100,000 (NLD limitation). You must count any years in which the deduction you took did not exceed \$100,000.
- tax years **ending on or after December 31, 2012, and before December 31, 2014**, for which the deduction would exceed \$100,000 (NLD limitation). You must count any years in which the deduction you took did not exceed \$100,000.
- tax years **ending after December 31, 2010, and before December 31, 2012** (NLD suspension).

What are the carry provisions of Illinois NLD?

For tax years **ending on or after December 31, 2021**, Illinois net losses cannot be carried back and can only be carried forward for 20 tax years.

For tax years **ending on or after December 31, 2003, and before December 31, 2021**, Illinois net losses cannot be carried back, and can only be carried forward for 12 years. However, the carryover period of any net loss that had not expired as of **November 16, 2021**, shall be extended from 12 years to 20 years.

For tax years **ending on or after December 31, 1999, and before December 31, 2003**, all Illinois net losses must be carried back two years (unless an election to only carry forward is made) then forward 20 years. The special rules under Internal Revenue Code (IRC) Section 172 do not apply to Illinois net losses.

Losses incurred in tax years **ending before December 31, 1999**, can be carried back and carried forward for the periods allowed under Internal Revenue Code (IRC) Section 172, for the tax year in which the loss was incurred. In general, losses incurred in tax years beginning

- after August 5, 1997, and ending before December 31, 1999, must be carried back two years, then forward 20 years.
- on or before August 5, 1997, must be carried back three years, then forward 15 years.

Note: For tax years ending on or after December 31, 1996, and before December 31, 2003, you may have made the election to forgo any of the previously mentioned Illinois NLD carryback periods by checking the appropriate box on your loss year return. This election must have been made by the extended due date of your return and once made was irrevocable for that tax year.

In addition, the special carryover periods in IRC Section 172, as in effect for a particular tax year, would apply to losses incurred in that year. For example, a "specified liability loss" incurred in 1998 may be carried back 10 years under IRC Section 172(b)(1)(c).

Also, no limitations under IRC Section 382 or the separate return limitation year provisions of the federal consolidated return regulations apply to any NLD carryover.

What if I have a discharge of indebtedness?

If you are a corporation (other than an S corporation) or trust and you were required to reduce or eliminate a federal net operating loss carryover because you had discharge of indebtedness income, due to bankruptcy or insolvency, then you may be required to reduce either or both (i) the net operating loss incurred in the taxable year of the discharge, and (ii) any net operating loss carryovers to the taxable year of the discharge. This reduction may be required if you had discharge of indebtedness income excluded from your federal gross income for any taxable year ending on and after December 31, 2008. See the Specific Instructions for Line 2a through 2c below.

If you were required to reduce a federal net operating loss for the year of the discharge, you may have been required to reduce any Illinois net loss you incurred for the same year. This reduction is made on the Illinois income tax return you filed for the loss year. See the appropriate return instructions for your loss year. Attach a copy of your federal Form 982, Reduction of Tax Attributes Due to Discharge of Indebtedness.

What if I am a Unitary Group and I have discharge of indebtedness?

If you are a unitary group and any of the members of your group had discharge of indebtedness income excluded from their federal gross income for any taxable year ending on or after December 31, 2008, and as a result the member was required to reduce a federal net operating loss carryover, you may be required to reduce the Illinois net loss carryovers of that member in calculating your combined net loss deduction. Also, if you incurred a combined Illinois net loss for a taxable year in which one or more of your group members had excluded discharge of indebtedness income, you may have been required to reduce the combined Illinois net loss you incurred for that year. This reduction is made on the Illinois income tax return you filed for the loss year.

What if I am a cooperative and have an Illinois NLD?

If you are a cooperative, filing federal Form 1120-C and you are carrying an Illinois NLD, you must claim the deduction on Form IL-1120, Step 5, Line 38. See specific instructions for Form IL-1120, Step 5, Line 38.

If you are a cooperative, filing federal Form 1120-C and you make the election to split your patronage and nonpatronage income and loss amounts, you must complete Schedule INL, Illinois Net Loss Adjustments for Cooperatives and REMIC Owners. You are required to complete Schedule INL every year and make the loss computation on the appropriate NLD worksheet.

What must I attach?

You **must** attach Schedule NLD to your annual tax return. IDOR **may** require you to submit complete copies of the original loss year returns, amended returns, or audit reports reflecting the loss amounts that you are claiming on this schedule. Failure to submit requested information will result in processing delays.

Should I round?

You must round the dollar amounts on Schedule NLD to whole-dollar amounts. To do this, you should drop any amount less than 50 cents and increase any amount of 50 cents or more to the next higher dollar.

What if I need additional assistance or forms?

- For assistance, forms, or schedules, visit our website at tax.illinois.gov or scan the QR code provided.
- Write us at:
ILLINOIS DEPARTMENT OF REVENUE
PO BOX 19001
SPRINGFIELD, IL 62794-9001
- Call **1 800 732-8866** or **217 782-3336** (TTY at **1 800 544-5304**).
- Visit a taxpayer assistance office - 8:00 a.m. to 5:00 p.m. (Springfield office) and 8:30 a.m. to 5:00 p.m. (all other offices), Monday through Friday.



Specific Instructions

If a specific line is not referenced, follow the instructions on the form.

Enter the carry year ending in the top right corner of the form. "Carry year ending" is the first year there is positive income where the loss can be applied.

Note: You must provide the entire FEIN for each member, do not provide a partial FEIN.

Step 1: Figure your Illinois net loss deduction

Column A — Enter the month and year of the tax year in which you incurred the Illinois net loss that will expire first.

Line 1 — Enter the amount of reported Illinois net loss for the tax year. Use the following to determine the correct line reference for your tax type and tax year. If the loss originated from a company other than the one filing this return, complete Step 2.

Note: If corrections have been made to the loss amounts (e.g., federal audit or amended return), you must report the corrected amounts on this schedule when you file.

Corporations

- For tax years **ending on or after December 31, 2010**, use Form IL-1120, Line 37, or Form IL-1120-X, Line 37.
- For tax years **ending on or after December 31, 2009 and on or before December 30, 2010**, use Form IL-1120, Line 39, or IL-1120-X, Line 39.
- For tax years **ending on or after December 31, 2005 and on or before December 30, 2009**, use Form IL-1120, Line 37, or Form IL-1120-X, Line 37.
- For tax years **ending before December 31, 2005**, use Form IL-1120, Part IV, Line 1, or Form IL-1120-X, Part IV, Line 1.

Schedule INL filers (REMIC owners only) - A negative amount entered on Step 4, Line 18 of a prior year Schedule INL, Illinois Net Loss Adjustments for Cooperatives and REMIC Owners, is the amount of NLD you have earned in that prior year.

If that NLD is eligible to be carried to this tax year and is the Illinois net loss that will expire first, enter

- the month and year from the prior year Schedule INL in the space provided above Schedule NLD, Line 1, and
- the negative amount from Schedule INL, Step 4, Line 18 as a positive amount on Schedule NLD, Line 1.

Note: If this NLD is not the Illinois net loss that will expire first, enter it in columns B or C, as applicable.

S Corporations

- For tax years **ending on or after December 31, 2010**, use Form IL-1120-ST, Line 49, or Form IL-1120-ST-X, Line 49.
- For tax years **ending on or after December 31, 2009, and on or before December 30, 2010**, use Form IL-1120-ST, Line 50, or Form IL-1120-ST-X, Line 50.
- For tax years **ending on or after December 31, 2006, and on or before December 30, 2009**, use Form IL-1120-ST, Line 48, or Form IL-1120-ST-X, Line 48.
- For tax years **ending before December 31, 2006**, use Form IL-1120-ST, Part II, Line 1a.

Partnerships

- For tax years **ending on or after December 31, 2010**, use Form IL-1065, Line 47, or Form IL-1065-X, Line 47.
- For tax years **ending on or after December 31, 2006, and on or before December 30, 2010**, use Form IL-1065, Line 48, or Form IL-1065-X, Line 48.
- For tax years **ending before December 31, 2006**, use Form IL-1065, Part II, Line 1a.

Fiduciaries

- For tax years **ending on or after December 31, 2010**, use Form IL-1041, Line 29, or Form IL-1041-X, Line 29.
- For tax years **ending on or after December 31, 2009, and on or before December 30, 2010**, use Form IL-1041, Line 30, or Form IL-1041-X, Line 30.
- For tax years **ending on or after December 31, 2007, and on or before December 30, 2009**, use Form IL-1041, Line 27, or Form IL-1041-X, Line 27.
- For tax years **ending before December 31, 2007**, use Form IL-1041, Part III, Line 1a.

Lines 2a through 2c — Enter the month and year to which the loss has been previously carried and the amount of Illinois net loss previously used to offset base income allocable to Illinois.

Corporations

- For tax years **ending on or after December 31, 2010**, use the amount on Form IL-1120, Line 38, or Form IL-1120-X, Line 38.
- For tax years **ending on or after December 31, 2009, and on or before December 30, 2010**, use the amount on Form IL-1120, Line 40, or Form IL-1120-X, Line 40.
- For tax years **ending on or after December 31, 2005, and on or before December 30, 2009**, use the amount on Form IL-1120, Line 38, or Form IL-1120-X, Line 38.
- For tax years **ending prior to December 31, 2005**, use the amount on Form IL-1120, Part IV, Line 2, or Form IL-1120-X, Part IV, Line 2, Column C.

S Corporations

- For tax years **ending on or after December 31, 2010**, use the amount on Form IL-1120-ST, Line 50, or Form IL-1120-ST-X, Line 50.
- For tax years **ending on or after December 31, 2009, and on or before December 30, 2010**, use the amount on Form IL-1120-ST, Line 51, or Form IL-1120-ST-X, Line 51.
- For tax years **ending on or after December 31, 2006, and on or before December 30, 2009**, use the amount on Form IL-1120-ST, Line 49, or Form IL-1120-ST-X, Line 49.
- For tax years **ending prior to December 31, 2006**, use the amount on Form IL-1120-ST, Part II, Line 1b, or revised Illinois return attached to your Form IL-843.

Partnerships

- For tax years **ending on or after December 31, 2010**, use the amount on Form IL-1065, Line 48, or Form IL-1065-X, Line 48.
- For tax years **ending on or after December 31, 2006, and on or before December 30, 2010**, use the amount on Form IL-1065, Line 49, or Form IL-1065-X, Line 49.
- For tax years **ending prior to December 31, 2006**, use the amount on Form IL-1065, Part II, Line 1b, or revised Illinois return attached to your Form IL-843.

Fiduciaries

- For tax years **ending on or after December 31, 2010**, use the amount on Form IL-1041, Line 30, or Form IL-1041-X, Line 30.
- For tax years **ending on or after December 31, 2009, and on or before December 30, 2010**, use the amount on Form IL-1041, Line 31, or Form IL-1041-X, Line 31.
- For tax years **ending on or after December 31, 2007, and on or before December 30, 2009**, use the amount on Form IL-1041, Line 28, or Form IL-1041-X, Line 28.
- For tax years **ending prior to December 31, 2007**, use the amount on Form IL-1041, Part III, Line 1b.

Discharge of Indebtedness Income — If you excluded discharge of indebtedness income in a prior tax year from your federal gross income, then you are required to reduce your Illinois net operating loss carryovers. The loss is treated as previously used in Illinois. This reduction applies to Illinois loss carryovers to the tax year of the debt cancellation only if a reduction was made under the Internal Revenue Code to any federal net operating loss carryovers you had to that tax year. Use the worksheet on the back of Schedule NLD to calculate the amount of reduction. Report the reduction on Lines 2a through 2c by entering "ITA 207(c)" in addition to the month and year to which the loss was previously carried and include the amount of reduction calculated as Illinois net loss previously used.

Attach the following to your return:

- a detailed statement of the month and year to which the loss was previously carried and include the amount of reduction calculated as Illinois net loss previously used **and**
- a copy of your federal Form 982, Reduction of Tax Attributes Due to Discharge of Indebtedness.

For more information, see [86 Ill. Adm. Code Section 100.2310\(c\)](#).

Note: If the loss has been carried to more than three years and additional space is needed, complete and attach an additional Illinois Schedule NLD.

Line 4 — Enter the amount of base income allocable to Illinois for this carry year as shown on

- Form IL-1120, Line 37, or Form IL-1120-X, Line 37, Column B.
- Form IL-1120-ST, Line 49, or Form IL-1120-ST-X, Line 49, Column B.
- Form IL-1065, Line 47, or Form IL-1065-X, Line 47, Column B.
- Form IL-1041, Line 29, or Form IL-1041-X, Line 29, Column B.

If this is a negative amount, you **should not** be using Schedule NLD.

Line 5 — If you file

- Form IL-1120 and this is the earliest loss year, write \$500,000.
- Form IL-1120-ST, IL-1065, or IL-1041 and this is the earliest loss year, write the amount from Column A, Line 4.

All filers: If you have attached multiple Schedules NLD and the reported Illinois net loss in Column A is not from the earliest **loss year**, **write the amount from Column C, Line 9, of the preceding Schedule NLD**.

Line 7 — Write the lesser of Line 3 or Line 6. **For corporations, this amount may not exceed \$500,000.**

Line 9 — Subtract Line 7 from Line 6. If this line is zero you have used the maximum amount of NLD allowable this year and may use no more NLD this carry year.

Line 10 — Subtract Line 7 from Line 3. **Do not** enter this amount on this year's return. This is your remaining NLD to be carried to subsequent years.

Note: If there is an NLD remaining **after** this year (Line 10 is greater than zero), the amount on Line 7 must be included on any subsequent year's NLD Worksheet, Line 2.

Columns B and C — Complete all lines of the columns as needed for additional Illinois net loss years. List additional Illinois net loss years in the order in which they will expire first.

Lines 1 through 3 — Follow the instructions for Column A.

Line 4 — Enter the amount from Line 8 of the preceding column.

Line 5 — Write the amount from Line 9 of the preceding column.

Line 7 — Follow the instructions for Column A.

Line 7 Total Box — Add Columns A, B, and C, Line 7, from all NLD Worksheets. This is your total NLD to be used this year. Enter this amount in the box and on the “Illinois net loss deduction” line of this year’s original or amended return. See Line 2 instructions for the appropriate line reference for your return or amended return.

For corporations, this amount may not exceed \$500,000.

Lines 9 and 10 — Follow the instructions for Column A.

Note: If you have more than three Illinois net loss years, use additional NLD Worksheets as needed.

Step 2: Identify the loss year company

Lines 11 through 13 — Follow the instructions on the form.

Note: If you complete Step 2, you must also check the “merged losses” checkbox on the Illinois net loss deduction line of your return.

Discharge of Indebtedness Worksheet Instructions

Line 1 — Follow the instructions on the Discharge of Indebtedness Worksheet.

Line 2 — Your income allocation ratio is calculated by dividing the amount of debt cancellation income excluded from your gross income that would have been allocated or apportioned to Illinois under the IITA if it was not excluded by the total amount of debt cancellation income excluded from your gross income. If all your debt cancellation income would have been business income, use the apportionment factor you calculated on the return for the tax year of the debt cancellation.

Line 3 — This is the amount of any net loss reported on Schedule NLD for a taxable year prior to the year of discharge that has not previously been carried back or forward. In determining this amount, if you had positive base income allocable to Illinois in the tax year of the debt cancellation, you may first use any NOL carryovers available to be carried to that year in order to claim an Illinois NLD. Only the remaining unused loss carryovers to such year, if any, should be included on this line. If Line 3 is less than Line 2, all of the net loss carryovers you reported on Line 3 are reduced to zero (\$0).

Line 4 — If Line 2 is less than Line 3, apply the loss carryover reduction from Line 4 to reduce (but not below \$0) the net operating loss carryover beginning with the earliest loss year, and continue in order until the entire loss carryover reduction has been applied.