



Expiration of the 50% NOL Phase-In for Ohio Municipal Income Taxes

Expiration of the 5 Year NOL Phase-In Examples

Example 1

In this first example, the taxpayer was able to utilize the entire NOL generated in 2017 and is able to use the remaining NOLs generated in later years toward 2023.

Post HB5 NOL Schedule Sample 1						
Tax Year	Amount of Income	Amount of Loss	Amount Utilized in 2021 (50% limitation applied)	Amount Utilized in 2022 (50% limitation applied)	Amount Available to 2023	Amount Expired
2017	n/a	(40,000.00)	(40,000.00)	0.00		
2018	n/a	(60,000.00)	(10,000.00)	(50,000.00)		
2019	n/a	(20,000.00)		(10,000.00)	(10,000.00)	
2020	n/a	(50,000.00)			(50,000.00)	
2021	100,000.00					
2022	130,000.00					
2023 Available					(60,000.00)	

50% of the lesser of Income or NOL						
Tax Year	Income	NOL Available	Allowed Amount is 50% of the Lesser	Total NOL Available for 2022	2017 NOL Expired in 2022	Total NOL Available for 2023-not subject to 50% limitation
2021	100,000.00	(170,000.00)	(50,000.00)	(120,000.00)		
2022	130,000.00	(120,000.00)	(60,000.00)			(60,000.00)

- The taxpayer’s NOL use was limited to 50% of the income in 2021. This utilized all the 2017 NOL and some of 2018.
- In 2022, the taxpayer’s NOL use was limited to 50% of the available NOL. This allowed the taxpayer to utilize the remaining 2018 NOL as well as some of the 2019 NOL.
- The taxpayer may utilize the remaining \$60,000 NOL from 2019-2020 toward 2023 and forward until it is fully utilized or expired, whichever is first.

Example 2

In the next example, the taxpayer is never able to fully utilize the NOL generated in 2017.

Post HB5 NOL Schedule Sample 2						
Tax Year	Amount of Income	Amount of Loss	Amount Utilized in 2021 (50% limitation applied)	Amount Utilized in 2022 (50% limitation applied)	Amount Available to 2023	Amount Expired
2017	n/a	(240,000.00)	(55,000.00)	(115,000.00)		(70,000.00)
2018	n/a	(60,000.00)			(60,000.00)	
2019	n/a	(20,000.00)			(20,000.00)	
2020	n/a	(50,000.00)			(50,000.00)	
2021	110,000.00					
2022	230,000.00					
2023 Available					(130,000.00)	

50% of the lesser of Income or NOL						
Tax Year	Income	NOL Available	Allowed Amount is 50% of the Lesser	Total NOL Available for 2022	2017 NOL Expired in 2022	Total NOL Available for 2023-not subject to 50% limitation
2021	110,000.00	(370,000.00)	(55,000.00)	(315,000.00)		
2022	230,000.00	(315,000.00)	(115,000.00)		(70,000.00)	(130,000.00)

- The taxpayer's NOL use was limited to 50% of the income in 2021. This utilized a portion of the 2017 NOL.
- In 2022, the taxpayer's NOL use was limited to 50% of the available NOL. This allowed the taxpayer to utilize another portion of the 2017 NOL. However, since the remaining 2017 NOL was able to be used to offset the remaining 2022 income, a portion of that NOL expired.
- The taxpayer may utilize the remaining \$130,000 NOL from 2018-2020 toward 2023 and forward until it is fully utilized or expired, whichever is first.