

810-3-25-.08 Trusts and Estates Net Operating Loss, for Taxable Years Beginning Prior to January 1, 2005.

(1) A trust or estate may carryover a net operating loss in the same manner as an individual. See Rule 810-3-15-.22.

(a) When a trust or estate has a carryback of a net operating loss that reduces income available for distribution to beneficiaries below the amount that has been distributed, the prior distribution in excess of available income becomes a nontaxable distribution of corpus. If such income was taxed to the beneficiary, an amended Alabama return should be filed.

(b) A trust or estate loss cannot be passed on to the beneficiary except as described in Rule 810-3-25-.05(8).

(2) The Subchapter J and Business Trust Conformity Act, Act 2006-114, was passed by the Alabama Legislature effective for taxable years beginning after December 31, 2004 - please refer to the regulations promulgated to implement the new act.

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Authority: §§ 40-2A-7(a)(5) and 40-18-25, Code of Alabama 1975
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