

CARES Act - Expanded Availability of Net Operating Losses

President Donald Trump signed [the Coronavirus Aid, Relief, and Economic Security \(CARES\) Act](#) into law on March 27, providing needed relief to the business community during the COVID-19 pandemic. Section 2303 alters how long businesses can carry back net operating losses.

WHO:

All employers reporting Net Operating Losses (NOL) to the IRS.

WHAT:

The Tax Cuts and Jobs Act of 2017 stipulated that Net Operating Losses (NOL) could no longer be carried backward to prior tax years and limited the amount of taxable income that could be offset by NOL to 80%. The CARES Act temporarily allows the net operating losses generated in tax years beginning before January 1, 2021 to be carried back to the five preceding tax years of the year the loss was generated, with the remaining NOL being carried forward indefinitely. In addition, taxable years beginning before January 1st, 2021 will allow the aggregate net operating loss carryover plus the aggregate net operating loss carrybacks to such year to offset 100 percent of taxable income.

WHEN:

Until January 1, 2021.

WHERE:

See the IRS COVID-19 [response page](#) for details.