

## For Many Small Businesses, Fall Filing Deadline Looms for Special Refund Claims

WASHINGTON — Time is running out for many small businesses wishing to take advantage of the expanded business loss carryback option included in this year's recovery law, the Internal Revenue Service said today. Eligible individuals have until Oct. 15 to choose this expanded carryback option. Eligible calendar-year corporations have until Sept. 15.

This carryback provision offers small businesses that lost money in 2008 an excellent way to quickly get some much needed cash if they were profitable in previous years. This option is only available for a limited time, so small businesses should consider it carefully and act before it's too late.

Under the [American Recovery and Reinvestment Act](#) (ARRA), enacted in February, many small businesses that had expenses exceeding their income for 2008 can choose to carry the resulting loss back for up to five years, instead of the usual two. This means that a business that had a net operating loss (NOL) in 2008 could carry that loss as far back as tax-year 2003, rather than the usual 2006. Not only could this mean a special tax refund, but the refund could be larger, because the loss is being spread over as many as five tax years, rather than just two.

This option may be particularly helpful to any eligible small business with a large loss in 2008. A small business that chooses this option can benefit by:

- Offsetting the loss against income earned in up to five prior tax years,
- Getting a refund of taxes paid up to five years ago,
- Using up part or all of the loss now, rather than waiting to claim it on future tax returns.

Under ARRA, eligible taxpayers can choose to carry back a NOL arising in a taxable year beginning or ending in 2008 for three, four or five years instead of two. The option is available for an eligible small business (ESB) that has no more than an average of \$15 million in gross receipts over a three-year period ending with the tax year of the NOL. This choice may be made for only one tax year.

Most taxpayers still have time to choose this special carryback and get a refund. A calendar-year corporation that qualifies as an ESB must file a claim by Sept. 15, 2009. For individuals, the deadline is Oct. 15, 2009. This includes a sole proprietor that qualifies as an ESB, an individual partner in a partnership that qualifies as an ESB and a shareholder in an S corporation that qualifies as an ESB. Deadlines vary for fiscal-year taxpayers, depending upon when their fiscal year ends and whether they are making the choice for the tax year that ends or begins in 2008.

Individuals can accelerate a refund by filing [Form 1045](#), Application for Tentative Refund. Similarly, corporations with NOLs may also accelerate a refund by using [Form 1139](#), Corporation Application for Tentative Refund. Normally, refunds are issued within 45 days. These forms, along with answers to frequently-asked questions about this special carryback, and other details can be found on the IRS Web site.