

POLICY RECOMMENDATION

ISSUE: ACRS Carryovers & Refunds; Statute of Limitations

When a federal NOLD carryback changes the utilization of ACRS subtractions in the carryback year, what limitation period applies to amending subsequent Virginia returns to reflect the increased ACRS carryover or refund attributable to the NOL carryback?

Example: An individual incurs a loss in 1991 that is carried back to 1988, reducing 1988 FAGI to zero. The normal period for amending the 1989 Virginia return expires on 5/1/93, but the period for amending the 1988 return to report the NOL carryback expires on 5/1/95 (3 years after the 1991 loss year).

RECOMMENDATION:

When a federal NOLD carryback changes the ACRS carryover or refund for subsequent years, the period for filing amended returns or ACRS refund claims will be the later of:

- the normal 3 year period for the return to be amended; or
- 3 years from the due date of the loss year return, but the refund shall be limited to the reduction in tax attributable changes in ACRS subtractions and carryovers affected by the carryback of the federal loss.



J. Timothy Winks
Assistant Commisioner

7/27/93



W. H. Forst
Tax Commissioner

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