



DEPARTMENT OF FINANCE AUDIT DIVISION

AP/AU-13

3/29/90

STATEMENT OF AUDIT PROCEDURE

Statement of Audit Procedure Net Operating Loss Carrybacks

Background

New legislation (Chapter 241 of the Laws of 1989) has amended the City's general corporation tax ("GCT") and unincorporated business tax ("UBT") laws by changing the carryback of net operating losses. This statement guides the auditor on those changes.

Procedure

Net operating losses sustained during tax years ending after June 30, 1989, will not be permitted to be carried back for GCT and UBT purposes, with the exception that a carryback will be allowed for the first \$10,000 of each of such losses. Losses which are not permitted to be carried back can be carried forward subject to certain other limitations and claimed as a deduction in future years.