

STATE OF DELAWARE
DEPARTMENT OF FINANCE

DIVISION OF REVENUE
DIRECTOR'S RULING 71-10

November 16, 1971

SUBJECT: Net Operating Losses

SEE INFORMATION CIRCULAR

76-4 . PRE 1971 N.O.L

CARRY FORWARD NOT ALLOWED
BECAUSE SECTION 1106 PROVIDES NO

New Chapter 11 of 30 Delaware Code states: "Any term MODIFICATION used in this chapter shall have the same meaning as when used in a comparable context in the laws of the United States referring to federal income taxes, unless a different meaning is clearly required."

There was no provision for the carry-back or carry-forward of net operating losses in old chapter 11 of 30 Delaware Code.

It is our interpretation that net operating losses incurred prior to the year beginning January 1, 1971 will not be allowed to be carried forward to 1971 and subsequent years.

Net operating losses incurred for years beginning with January 1, 1971 will be treated in the same manner as under the laws of the United States referring to federal income taxes, except that a net operating loss cannot be carried back to a year which ends prior to January 1, 1971.

Any adjustments which are required in computing the net operating loss deduction under the laws of the United States shall be applied in determining the Delaware State net operating loss deduction.


J. H. Kennedy
Director of Revenue

jvm

CONCURRED:


Edward J. Wilson
Deputy Attorney General