



Losses question L1 – Individual tax return 2025

Instructions to help you to complete losses question L1 in your paper individual tax return.

L1 Tax losses of earlier income years 2025

Complete question L1 if you have a tax loss from an earlier year that you may be able to claim as a deduction this year.

Taxable income or loss 2025

Complete this question to declare your total taxable income or loss.

QC 104119

L1 Tax losses of earlier income years 2025

Complete question L1 if you have a tax loss from an earlier year that you may be able to claim as a deduction this year.

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Complete this question if you have a tax loss from an earlier income year that you didn't claim as a deduction.

You may have a tax loss at question **L1** in 2024–25 that you may be able to claim as a deduction. You must complete this question whether or not you're able to claim a deduction for the loss in 2024–25.

If you became bankrupt before 1 July 2024, or were released from debts under an arrangement entered into under the bankruptcy laws before 1 July 2024, you generally can't claim a deduction for tax losses you incur before you became bankrupt or were released from the debts.

If you have tax losses from more than one earlier income year, you should generally deduct the earliest losses first.

Don't include at this question

Don't show at this question:

- capital losses, go to question 18 **Capital gains 2025**
- expenses and losses you incur in earning foreign source income, go to question 20 **Foreign source income and foreign assets or property 2025**
- deferred non-commercial business losses from a prior income year
 - for partnership activities, go to question 13 **Partnerships and trusts 2025**
 - for sole trader activities, go to **P8 Business income and expenses** in Business and professional items schedule instructions 2025.

If you don't have tax losses from earlier income years, go to **Taxable income or loss 2025**. Otherwise, read on.

What you need to answer this question

You'll need records of your tax losses from earlier income years.

Completing your tax return

The amount of tax losses from earlier income years that you write at question **L1** – labels **Q** and **R** is the amount of tax losses you carry forward from 2023–24 *less* the amount of your net exempt income for 2024–25.

You need to separate your losses into primary production losses and non-primary production losses. Primary production activities are described in *Information for primary producers 2025*.

Part A – Losses you carry forward from earlier income years

Use *Worksheet 1* to work out what to write at question **L1** – labels **Q** and **R**.

Step 1

Write at *Worksheet 1* – row **a** the total amount of tax losses you have available from earlier income years. Don't include non-primary production losses from 1988–89 or earlier years.

Separate the amount at row **a** into your losses from primary production and from non-primary production. Write the amounts at rows **b** and **c** respectively.

Step 2

Write at row **d** the total of your exempt income for 2024–25, if any (see *Amounts that you don't pay tax on 2025* to find out what amounts are exempt income).

Step 3

Write at row **e** the total expenses (other than capital expenses) incurred in earning your exempt income. Include any foreign tax payable on your exempt income.

Step 4

Subtract row **e** from row **d** and write the answer at row **f**. If row **e** is more than row **d**, write **0** (zero) at row **f**.

Step 5

If row **f** is more than row **a**, you don't have any losses you can claim at this question. Leave question **L1** blank and go to **Where to go next**. Otherwise, subtract row **f** from row **a** and write the answer at row **g**.

Step 6

If you have an amount at:

- row **b** but not at row **c**, subtract row **f** from row **b** and write the answer at row **h**
- row **c** but not at row **b**, subtract row **f** from row **c** and write the answer at row **i**
- both rows **b** and **c**, you choose how much of row **f** to subtract from each of rows **b** and **c**.

Worksheet 1

Row	Calculation	Amount
a	Total tax losses from earlier years	\$
b	Primary production losses from earlier years	\$
c	Non-primary production losses from earlier years	\$
d	Exempt income for 2024–25	\$
e	Expenses relating to your 2024–25 exempt income	\$
f	Net exempt income for 2024–25. Subtract row e from row d .	\$
g	Total prior year losses available for use in 2024–25. Subtract row f from row a .	\$

h	Primary production losses available for use in 2024–25. Subtract row f from row b .	\$
i	Non-primary production losses available for use in 2024–25. Subtract row f from row c .	\$

You can't have a negative amount at rows **h** or **i**.

The total of rows **h** and **i** must equal row **g**.

Step 7

Transfer the amount at row **h** to question **L1** – label **Q**.

Step 8

Transfer the amount at row **i** to question **L1** – label **R**.

Step 9

If the amount at **Subtotal** on page 4 of your tax return is a loss, go to [Step 19](#). Otherwise, read on.

Part B – Losses claims in 2024–25

The following steps will help you work out what to write at question **L1** – labels **F** and **Z**, if the amount at **Subtotal** isn't a loss.

Step 10

If the amount at **Subtotal** is more than, or equal to, the amount at Worksheet 1 – row **g**, go to [Step 17](#). Otherwise, read on.

Step 11

If the amount at **Subtotal** is more than, or equal to, the amount at question **L1** – label **Q**, go to [Step 14](#).

Otherwise, transfer the amount at **Subtotal** to question **L1** – label **F**.

Step 12

Subtract the amount at label **F** from the amount at label **Q**. The answer is the amount of primary production losses you carry forward to 2025–26. Keep a record of it for next year.

Step 13

The amount at question **L1** – label **R** is the amount of non-primary production losses you carry forward to 2025–26. Keep a record of it for next year.

You have finished this question. Go to **Where to go next**.

Step 14

Transfer the amount at question **L1** – label **Q** to question **L1** – label **F**.

Step 15

Subtract the amount at question **L1** – label **F** from the amount at **Subtotal**. Write the answer at question **L1** – label **Z**.

Step 16

Subtract the amount at question **L1** – label **Z** from the amount at question **L1** – label **R**.

The answer is the amount of non-primary production losses you carry forward to 2025–26. Keep a record of it for next year.

You have no primary production losses to carry forward to 2025–26.

You have finished this question. Go to **Where to go next**.

Step 17

Transfer the amount you wrote at question **L1** – label **Q** to question **L1** – label **F**.

Step 18

Transfer the amount you wrote at question **L1** – label **R** to question **L1** – label **Z**.

You have no primary production losses or non-primary production losses to carry forward to 2025–26.

You have finished this question. Go to **Where to go next**.

Part C – If the amount at Subtotal is a loss

The following steps will help you work out the losses you carry forward to 2025–26, if the amount at **Subtotal** is a loss.

Step 19

If the amount you wrote at **Subtotal** is a loss, leave question **L1** – labels **F** and **Z** blank.

Step 20

Use [Worksheet 2](#) to work out the primary production losses you carry forward to 2025–26 and the non-primary production losses you carry forward to 2025–26.

Make sure you show all losses as negative amounts in [Worksheet 2](#). Amounts you write at rows **t**, **u**, **v** and **w** may be losses. If so, show them as negative amounts.

Worksheet 2

Row	Calculation	Amount
p	Amount from Subtotal This amount is a loss, show it as a negative amount.	\$
q	Amount from question D9 Gifts or donations in your tax return	\$
r	Amount from question D12 Personal superannuation contributions in your supplementary tax return	\$
s	Add rows q and r .	\$
t	Add row s , which is either zero or positive to row p which is negative. If row t is positive, go to Step 23 .	\$
u	Amount from question 13 Partnerships and trusts – label Net primary production amount in your supplementary tax return	\$
v	Amount from question 15 Net income or loss from business – label B in your supplementary tax return	\$
w	Add rows u and v .	\$

x	<p>If row w is a loss and is the same or a greater loss than row t, write the amount from row t.</p> <p>If row w is a loss and is a smaller loss than row t, write the amount from row w.</p> <p>Otherwise, write 0 (zero).</p>	\$
y	<p>If row w is a loss and is the same or a greater loss than row t write 0 (zero).</p> <p>If row w is a loss and is a smaller loss than row t, subtract row w from row t and write the answer.</p> <p>If row w isn't a loss, write the amount from row t.</p>	\$

Step 21

If the amount at row **x** is zero, then the amount at question **L1** – label **Q** is the amount of primary production losses you carry forward to 2025–26. Keep a record of it for next year.

If the amount at row **x** isn't zero, then add the amount at row **x** to the amount at question **L1** – label **Q**. When adding these 2 amounts ignore the fact that they are both negative amounts. The answer is the amount of primary production losses you carry forward to 2025–26. Keep a record of it for next year.

Step 22

If the amount at row **y** is zero, then the amount at question **L1** – label **R** is the amount of non-primary production losses you carry forward to 2025–26. Keep a record of it for next year.

If the amount at row **y** isn't zero, then add the amount at row **y** to the amount at question **L1** – label **R**. When adding these 2 amounts ignore the fact that they are both negative amounts. The answer is the amount of non-primary production losses you carry forward to 2025–26. Keep a record of it for next year.

You have finished this question. Go to **Where to go next**.

Step 23

The amount at label **Q** is your primary production losses you carry forward to 2025–26.

The amount at label **R** is your non-primary production losses you carry forward to 2025–26.

Keep a record of them for next year.

Where to go next

- Go to Taxable income or loss 2025.
- Return to main menu Individual tax return instructions 2025.
- Go back to Subtotal 2025.

QC 104120

Taxable income or loss 2025

Complete this question to declare your total taxable income or loss.

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Declare at this question your total taxable income or loss.

How you complete it will depend on whether you completed question **L1 Tax losses of earlier income years** – labels **F** or **Z** in your tax return.

If the amount at **Taxable income or loss** in your tax return is a loss (if you printed **L** in the **Loss** box), then this may not be the amount you show as losses carried forward from earlier income years at question **L1** in next year's tax return. Adjustments will have to be made to take into account any:

- exempt income
- deductions for gifts or donations (question **D9**)
- personal superannuation contributions (question **D12** in your supplementary tax return).

For more information, see **Amounts you don't include as income**.

Have you completed question **L1** – labels **F** or **Z**?

- **No** – Go to, **No prior year losses**.
- **Yes** – Go to, **Deducting your prior year losses**.

Completing your tax return

To complete this question, use the following information.

No prior year losses

Follow the instructions at step 1.

Step 1

Transfer the amount you show at **Subtotal** in your tax return to **Taxable income or loss**.

If the amount at **Taxable income or loss** is less than zero, print **L** in the **Loss** box. Keep a record of this amount to work out your tax losses of earlier income years for next year.

You have completed this question, see **Where to go next**.

Deducting your prior year losses

Follow the steps.

Step 2

Add up the amounts at question **L1** – labels **F** and **Z**. Subtract the total from the amount you have written at **Subtotal**.

Step 3

Write the answer at **Taxable income or loss** in your tax return.

You can't have a loss at **Taxable income or loss** if you had amounts at labels **F** or **Z**. This is because you can only use your losses from earlier years to reduce your current year taxable income to nil. You can't use them to create a tax loss. Any losses you have remaining can be carried over to future years until you fully recoup them.

Where to go next

- Go to question T1 Seniors and pensioners tax offset 2025.
- Return to main menu Individual tax return instructions 2025.
- Go back to question L1 Tax losses of earlier income years 2025.

QC 104121

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