

Shareholder name(s): _____ SSN or FEIN: _____

Financial institution name: _____ Financial institution FEIN: _____

PART I – Income

- 1. Enter income from line 38 of IA 1040; or line 16 of IA 1120; or line 22 of IA 1041 1. _____
- 2. Enter shareholder’s pro rata share of the financial institution’s net income multiplied by line 10 of Part III of the IA 1120S S corporation return 2. _____
- 3. Income less pass-through income from financial institution. Subtract line 2 from line 1 3. _____

PART II – Income Tax without Financial Institution Income

- 4. Calculate the tax liability using the amount on line 3 with the appropriate tax table or percentage based on the return type (IA 1040, IA 1120, or IA 1041)..... 4. _____
- 5. Enter any lump sum tax and/or Iowa Alternative Minimum Tax from line 40 and line 41 of IA 1040; or line 18 of IA 1120; or line 24 and line 25 of IA 1041... 5. _____
- 6. Add lines 4 and 5 6. _____
- 7. Enter the amount of credits from line 46 of IA 1040; or line 27 of IA 1041 7. _____
- 8. Subtract line 7 from line 6. If zero or less, enter zero..... 8. _____

PART III – Income Tax on All Income

- 9. Enter tax from line 39 of the IA 1040; or line 17 of the IA 1120; or line 23 of the IA 1041 9. _____
- 10. Total income tax liability. Add lines 5 and 9 10. _____
- 11. Subtract line 7 from line 10. If zero or less, enter zero..... 11. _____

PART IV – Calculation of Franchise Tax Credit

- 12. Income tax on financial institution income. Subtract line 8 from line 11. If zero or less, enter zero 12. _____
- 13. Shareholder’s pro rata share of the financial institution’s franchise tax liability minus any tax credits claimed. Subtract line 16 of the IA 1120F from line 15 of the IA 1120F and multiply by the shareholder’s percentage of ownership in the S corporation..... 13. _____
- 14. Franchise Tax Credit. Enter the smaller of line 12 or line 13. Enter in column D of Part I on the IA 148 Tax Credits Schedule..... 14. _____

IA 148 Tax Credits Schedule must be completed.



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If a financial institution as defined in section 581 of the Internal Revenue Code elects to file as an S corporation for federal income tax purposes and, therefore, to have its income taxed directly to shareholders (individuals, C corporations, and fiduciaries), those shareholders qualify for a Franchise Tax Credit. The tax credit cannot exceed the shareholder's pro rata share of the Iowa franchise tax paid by the financial institution.

To complete this form, you will need information from the 1120F and 1120S filed by the financial institution. This information is included with your IA 1120S Schedule K-1. You will also need your IA 1040, IA 1120, or IA 1041.

Line 2: Share of financial institution income

Multiply your ownership percentage in the S corporation by the modified federal income from Part III, line 10 of the 1120S. This information is included with your IA 1120S Schedule K-1.

Line 6: Potential income tax

The sum of lines 4 and 5 provides income tax liability owed on all income except your share of the financial institution's income.

Line 8: Income tax without financial institution income

The difference between lines 6 and 7 provides income tax liability minus designated tax credits.

Line 11: Income tax on all income

The difference between lines 10 and 7 provides income tax liability on all income minus designated tax credits.

Line 13: Shareholder's pro rata share of franchise tax

Amount of franchise tax liability minus any tax credits claimed by the financial institution multiplied by your ownership percentage. This information is available on the 1120F filed by the financial institution and included with your IA 1120S Schedule K-1.

Line 14: Franchise Tax Credit

The Franchise Tax Credit that can be claimed against income tax is the smaller of the income tax you owe on your share of the financial institution's income or your share of the franchise tax paid by the financial institution.

Enter in column D of Part I on the IA 148 Tax Credits Schedule; use tax credit code 04 in column A and leave column B blank. Any credit in excess of the tax liability cannot be carried forward and should be entered as expired in column G of the IA 148.

File a separate IA 147 for each Franchise Tax Credit received. Each Franchise Tax Credit must be reported on a separate line in Part I of the IA 148 Tax Credits Schedule. Include the financial institution name in column M and the FEIN in column N of Part IV of the IA 148.

Include this form with your IA 1040, IA 1041, or IA 1120.