



Iowa Franchise Tax Credit

Shareholder Name(s)	SSN or FEIN
Financial Institution Name	Financial Institution FEIN

PART I – Financial Institution 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 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 less than zero, 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 less than zero, enter zero ..... 11. \_\_\_\_\_

PART IV – Calculation of Franchise Tax Credit

- 12. Income tax on financial institution income. Subtract line 8 from line 11. If less than zero, 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 and line 13 ..... 14. \_\_\_\_\_

IA 148 Tax Credits Schedule must be completed.

## IA 147 Franchise Tax Credit Instructions

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 have its income taxed directly to the shareholders, those shareholders (individuals, C corporations, fiduciaries) qualify for a Franchise Tax Credit. The 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 Schedule K-1. You will also need your IA 1040, or 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 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 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 Part I, column D of the IA 148 Tax Credits Schedule, using tax credit code 04. 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. Also list the claims separately on Part I of the IA 148 Tax Credits Schedule.

Include this form with your return.