



# Iowa Corporation Schedule H

## Computation of Federal Tax Refund/Deduction

### For Filing Status 2 or 3 only

Note: You must attach a copy of pages 1-5 of your consolidated federal return.

TAX PERIOD: \_\_\_\_\_

If you need more space than provided below, you may copy this schedule.

	Company Name	FEIN	Profit (A)	Loss (B)
1				
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43	<b>SUBTOTAL.</b> Use in computing fed. refund/deduction.			
44	Consolidating Adjustments and Eliminations			
45	<b>TOTAL.</b> Must equal income per federal return.			
46	Separate company income/loss			
47	Federal taxable income/loss from line 43			
48	Federal tax/refund as reported to the IRS			
49	Percent allowed as an addition/reduction			50%
50	<b>FEDERAL REFUND/DEDUCTION.</b> Divide line 46 by line 47 and multiply by line 48 and 50%. Enter on IA 1120.			

CORPORATE NAME: \_\_\_\_\_ FEIN: \_\_\_\_\_

## Schedule H Instructions

This schedule must be used when the corporation files as part of a consolidated group for federal purposes. Use extra pages if necessary to list all companies included in the consolidated federal return. List in column A the federal taxable income after the net operating loss and special deductions or in column B the federal taxable loss for each company computed as if a separate federal corporation income tax return was filed. Normally, this would be from the federal 1120, line 30.

The allowed federal tax deduction is 50% of the federal income taxes paid or accrued. The deduction should be computed using one of the following methods.

**Note:** Federal environmental tax paid should be included in total federal income taxes paid or accrued for purposes of using the following computations.

**ACCRUAL BASIS** taxpayers should determine the total tax shown on page 1 of federal form 1120 and use the formula shown below.

**CASH BASIS** taxpayers should compute the sum of federal taxes paid during the current tax period and federal motor fuel tax credits applied against the tax liability for the current tax period, less any federal refunds received during the current tax period using the formula shown below on each period producing payments or refunds.

$$\begin{array}{r}
 \text{Separate Company} \\
 \text{Federal Taxable Income} \\
 \hline
 \text{Sum of All Positive Income Producing} \\
 \text{Companies Included in the} \\
 \text{Consolidated Taxable Income} \\
 \text{Statements}
 \end{array}
 \times
 \begin{array}{r}
 \text{Total Tax} \\
 \text{Reported on the} \\
 \text{Consolidated} \\
 \text{Federal Return}
 \end{array}
 \times 50\% = \text{Federal Tax Deduction}$$

If your company files a consolidated Iowa return, the numerator in the above equation is the sum of the incomes of the profit companies included in the consolidated Iowa return. This formula is referred to as “revenue producers formula.”

Complete lines 46 through 50 of Schedule H as follows:

Line 46: Show federal taxable income of the profit company(s) reported on this Iowa return.

Line 47: Enter the total from line 43, column A.

Line 48: Enter federal tax from the federal 1120.

Line 50: Divide line 46 by line 47 and multiply the result by line 48 and by 50%. Enter on IA 1120, line 5.

If the federal consolidated return reports a net operating loss which is carried back, the federal refund is computed substituting loss companies in place of taxable income companies in the above formula. This formula is known as the “loss producers formula.”

The federal refund is reported on IA 1120, line 2, in the loss year.