

2011 Iowa Corporation Income Tax Short Form Instructions

Bonus Depreciation

Iowa has not adopted the bonus depreciation provisions of the federal Tax Relief, Unemployment Insurance Reauthorization and Job Creation Act of 2010 for assets acquired during 2011. The adjustment for depreciation should be made on form IA 4562A to account for the difference between federal and Iowa depreciation.

Small Business Expensing

Iowa did adopt the federal provisions relating to increasing the expensing amount under section 179 of the Internal Revenue Code. The section 179 expensing limitation is \$500,000 for tax years beginning in 2011.

Net Operating Loss Carryback

For tax years beginning on or after January 1, 2009, corporations are no longer allowed to carry back Iowa net operating losses. All net operating losses are allowed to be carried forward for 20 tax years. However, any federal refund due to the carryback of a federal net operating loss must still be reported as income on the Iowa return to the extent a deduction for federal taxes was allowed on prior Iowa returns.

Capital Loss Carryback

Corporations may still carry back a capital loss to the three preceding tax years. Refund requests for a capital loss carryback should be made on new form IA 1139-CAP.

School Tuition Organization Tax Credit

Corporations are eligible for the school tuition organization (STO) tax credit equal to 65% of the cash or noncash contribution made to a qualifying STO. Corporations that receive this credit are not allowed a deduction for the charitable contributions made to the STO for Iowa tax purposes.

IA 148 Tax Credits Schedule

The IA 148 Tax Credits Schedule must be completed for any tax credits claimed other than the motor fuel tax credit on Schedule C1.

Other Forms

The IA 1139-CAP must be used to carry back only a capital loss for tax periods beginning on or after January 1, 2009.

The IA 1120X must be used to change a previously-filed IA 1120 or IA 1120A unless the change was due only to a capital loss carryback.

General Instructions

Which Return to File

See page 2 of form IA 1120A for requirements on using this form. All other corporations must file form IA 1120.

Regular Corporations

Every corporation doing business in this state or deriving income from sources within this state, unless exempt by section 422.34, Code of Iowa, must file an Iowa corporation return, IA 1120 or 1120A.

When to File

Calendar Year: Return is due no later than April 30, 2012.

Fiscal Year: Return is due within four months after the end of the fiscal year.

Mail Returns to

Corporation Tax Return Processing
Iowa Department of Revenue
Post Office Box 10468
Des Moines, IA 50306-0468

Make checks payable to "Treasurer, State of Iowa".

Cooperative: Cooperative associations as defined in section 6072(d) of the Internal Revenue Code have until the 15th day of the 9th month after the close of their period to file a return.

Short Year: Where under the provisions of the Internal Revenue Code a corporation is required to file a short period return, the Iowa short period return is due 45 days after the original federal due date.

UBIT (Nonprofit Corporation): A nonprofit corporation reporting unrelated business income on federal form 990-T must file an IA 1120 or IA 1120A on or before the 15th day of the 5th month following the end of the tax period. If the nonprofit corporation has no unrelated business income, even if filing a 990-T to claim

the small business health care tax credit, no Iowa return or copy of the federal return is required to be filed.

Alternative Minimum Tax

A small business corporation or a new corporation for its first year of existence, which through the operation of Internal Revenue Code section 55(e) is exempt from the federal alternative minimum tax, is not subject to Iowa alternative minimum tax. A small business corporation may apply any alternative minimum tax credit carryforward to the extent of its regular corporation income tax liability.

Preparer Identification: Enter the SSN, FEIN, or PTIN of the preparer.

Automatic Extension of Time to File

All taxpayers who have paid 90% or more of their correct tax on or before the original due date of their return automatically have an additional six months in which to file their return and pay any additional tax due with no penalty. Taxpayers who have not paid 90% or more of their correct tax on or before the original due date of their corporation income tax return are not allowed the 6-month additional period of time to file and owe both penalty and interest on the additional tax due after the original due date of their return. If an additional payment is necessary in order to meet the 90% requirement, it must be made by the original due date of the return. Such payments are made using form 42-019, Iowa Corporation Tax Payment Voucher. Interest will accrue on any tax due after the original due date of the return. All elections made on a return filed within six months of the original due date will be considered timely.

Legal Information

Confidentiality and Fair Information Practices Notice - Information from this return may be made available to the Internal Revenue Service or to tax officials of another state under a tax information exchange program. Except as allowed by law, information on this return cannot be released to anyone who is not an Iowa Department of Revenue or Internal Revenue Service employee. Any Department of Revenue employee who discloses tax information without legal authority is subject to a fine of \$1,000.

ALL FILERS - Payment Options

Payment options include: ePay (direct debit), ACH Credit, or payment by check. Go to www.iowa.gov/tax for E-payment options.

**IA 1120A Short Form
Instructions for Page One**
(References to line numbers are in parentheses)

All corporations filing a return with the Department must complete all lines on the front page for the return to be accepted. "See schedule attached" is not acceptable; the return will be considered incomplete and may be returned to you.

Name/Address

If name or address is different from your prior period return, please check the name/address change box at the top of page 1. **Include name of contact person and phone number.**

Short Period

If your current filing is for less than 12 months, please check the short period box at the top of page 1.

Federal Employer Identification Number (FEIN)

This is the corporation's Federal Employer Identification Number.

Business Code

Enter the business code from the list provided by the IRS for the specific industry group corresponding to the corporation's primary business activity.

County Number

Enter the number of the Iowa county that is the corporation's commercial domicile or principal place of business. Enter 00 if the commercial domicile or principal place of business is not located in Iowa.

First/Final Return

If this is a first or final return, please check the box on page 1 that best describes the reason.

Type of Return

Mark the appropriate box on page 1 for return type.

Inactive Return

Mark the appropriate box if the corporation has no business operations in any state.

Federal Changes

Mark the appropriate box. If yes, provide the tax periods changed. If a federal audit is involved, supply a copy of audit under separate cover.

Property in Iowa

Mark the appropriate box on page 1. Property is defined as any tangible or real property owned or leased with its primary location in Iowa.

Numbered Line Item Instructions

- (1) **Net Income:** Enter the amount of federal taxable income computed after federal dividend deduction and before federal net operating loss deduction.
- (2) **Federal Refund:** Enter 50% of any federal refunds received in or accrued to this tax period. Please check the appropriate box to indicate the basis of this refund computation. See (5) for additional instructions.
- (3) **Other Additions:** Enter the total from line 6 of Schedule A on line 3 of the 1120A.
- (4) **Net Income after Additions:** Add lines 1, 2, and 3 and enter the total.
- (5) **Federal Tax Paid or Accrued:** Enter the deduction for 50% of federal income taxes paid or accrued. The deduction should be computed using one of the following methods.
 - Accrual Basis** taxpayers should determine the total tax shown on page 1 of federal form 1120 and multiply by 50%. (Total tax, page 1 x 50% = federal tax deduction.)
 - Cash Basis** taxpayers should compute the sum of federal taxes paid in the tax year and motor fuel tax credits applied against the tax liability in the tax year. Multiply the result by 50%.
- (6) **Other Reductions:** Enter the total from line 6 of Iowa Schedule A, page 2.
- (7) **Total Reductions:** Add lines 5 and 6 and enter the total.
- (8) **Income After Reductions and Before Net Operating Loss:** Subtract line 7 from line 4 and enter the difference.
- (9) **Net Operating Loss:** Enter the amount from Iowa Schedule F on page 2. If additional space is needed, use an additional Schedule F.
- (10) **Income Subject to Tax:** Subtract line 9 from line 8 and enter the difference but not below zero.
- (11) **Tax:** Enter the amount of tax computed from the tax rate schedule. If the corporation has annualized for federal income tax purposes, the corporation must annualize for Iowa income tax purposes. If tax is annualized, check the box and attach a schedule of the method used to compute the tax.
- (12) **Motor Fuel Credit:** Enter the amount from line 7 of the IA 4136. Attach IA 4136.
- (13) **Nonrefundable Credits:** Enter the amount from Part I Total of the IA 148. Attach the IA 148 Tax Credits Schedule.
- (14) **Refundable Credits:** Enter the amount from Part II Total of the IA 148. Attach the IA 148 Tax Credits Schedule.

- (15) **Total Credits:** Add lines 12, 13, and 14 and enter the sum.
- (16) **Payments:** Enter the amount from line 5 of Iowa Schedule C2 (page 2 of the IA 1120A).
- (17) **Total Credits and Payments:** Add lines 15 and 16 and enter the sum.
- (18) **Net Amount:** Subtract line 17 from line 11 and enter the difference.
- (19) **Tax Due:** Enter the amount from line 18 if it is greater than zero.
- (20) **Penalty for Underpayment of Estimated Tax:** Corporations underpaying estimated tax for the entire tax liability, shown on line 11, may be subject to a penalty for this underpayment. The underpayment penalty is in addition to the penalties on line 21 of page 1. The underpayment penalty is computed on form IA 2220 and the total from that form is placed on line 20, page 1. If the penalty is computed, the IA 2220 form must be attached to the return. Initial return taxpayers are subject to this penalty.
- (21) **Failure to Timely File a Return:** A penalty of 10% will be added to the tax due for failure to timely file a return if the return is filed after the original due date of the return and if at least 90% of the correct amount of tax is not paid by the original due date of the return.
Failure to Timely Pay the Tax Due or Penalty for Audit Deficiency: A penalty of 5% will be added to the tax due if at least 90% of the correct amount of tax is not paid by the original due date of the return.

When the failure to file penalty and the failure to pay penalty are both applicable, only the failure to file penalty will apply. Penalties can only be waived under limited circumstances.

Penalty for Willful Failure to File: A penalty of 75% will be added to the tax due for willful failure to file a return or for filing with intent to evade tax.

- (22) **Interest:** Interest accrues on the unpaid tax at a rate prescribed by law from the original due date of the return until payment is received. Any portion of a month is considered a full month in calculating interest due on unpaid tax.
- (23) **Total Amount Due:** Add lines 19, 20, 21, and 22. Payment options include ePay (direct debit), ACH Credit, or payment by check. Go to www.iowa.gov/tax for E-payment options. Do not send cash. Make checks payable to "Treasurer, State of Iowa".
- (24) **Overpayment:** Enter the amount from line 18 if it is less than zero. Underpayment penalty may apply. Subtract any 2220 penalty on line 20, then enter remaining overpayment.
- (25) **Credit to Next Period's Estimated Tax:** Enter the amount of overpayment to be credited to the next tax period. This credit can only be changed after the due date if the change is requested by the last day of the subsequent tax year.
- (26) **Refund Requested:** Subtract line 25 from line 24 and enter the difference.

Instructions for Page Two

Schedule A - Other Additions:

- (1) Enter the amount of interest and dividends exempt from federal tax. Exclude interest received from certain Iowa bonds, which are listed in Iowa Rule 40.3. Attach a schedule if this differs from the amount on the federal Schedule M-1, line 7, or federal Schedule M-3, Part II, line 13, columns (b) and (c), or federal Schedule K, line 9.
- (2) Enter the amount of Iowa tax expensed on the federal return. Provide a breakdown of line 17, taxes and licenses, shown on the federal return.
- (4) Enter any amounts not specifically identified above. A detailed schedule must be attached or these amounts may not be allowed. If adjusting an amount from a partnership or LLC, include a reconciliation of federal income to income reported on the Iowa partnership return. The difference should be specifically identified to indicate the Iowa adjustment being made.
- (5) Depreciation Adjustment: Attach forms IA 4562A and IA 4562B.
- (6) Add lines 1, 2, 4, and 5 and enter the sum.

Schedule A - Other Reductions:

- (2) Enter the amount of Iowa tax refund included in federal income. Do not include Iowa tax refunds from Iowa refundable tax credits.
- (3) Enter the amount of interest and dividends from federal securities included in federal income. Do not include interest on federal refunds. Attach a schedule showing a breakdown of federal security interest by payer.
- (4) Enter any amounts not specifically identified above. A detailed schedule must be attached or these amounts may not be allowed. If adjusting an amount from a partnership or LLC, include a reconciliation of federal income to income reported on the Iowa partnership return. The difference should be specifically identified to indicate the Iowa adjustment being made.
- (5) Depreciation Adjustment: Attach forms IA 4562A and IA 4562B.
- (6) Add lines 2, 3, 4, and 5 and enter the sum.

Schedule C2 - Payments

Enter all applicable amounts on the lines specified.

Schedule F - Net Operating Loss

Enter all applicable amounts on the lines specified.