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Iowa Department of Revenue
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2012 IA 147 Franchise Tax Credit Worksheet

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.

Shareholder Name: _____ Shareholder SSN or FEIN: _____

Financial Institution Name: _____ Financial Institution FEIN: _____

PART 1

1. Enter the income from shareholder's return from line 42 of IA 1040; or line 16 of IA 1120; or line 22 of IA 1041. ..... 1. _____
2. Enter the shareholder's pro rata share of the financial institution's net income. Multiply shareholder's ownership percentage in the S corporation by the amount from line 10 of Part III on the IA 1120S S corporation Return. ..... 2. _____
3. Subtract line 2 from line 1. ..... 3. _____

PART 2

4. Calculate tax on the amount from line 3 using the appropriate tax table or percentage for the type of tax return being filed by the shareholder. (IA 1040, or IA 1120, or IA 1041) ..... 4. _____
5. Enter the amount of any lump-sum tax and/or minimum tax from line 44 plus line 45 of IA 1040; or line 18 of IA 1120; or line 24 plus line 25 of IA 1041. ..... 5. _____
6. Add lines 4 and 5. ..... 6. _____
7. Enter the amount of credits from line 49 of IA 1040; or line 20 of IA 1120 – excluding any Motor Fuel Credit and Franchise Tax Credit; or line 27 of IA 1041. ..... 7. _____
8. Subtract line 7 from line 6. ..... 8. _____

PART 3

9. Enter the tax amount from shareholder's return from line 43 of the IA 1040; or line 17 of the IA 1120; or line 23 of the IA 1041. ..... 9. _____
10. Enter the amount of any lump-sum tax and/or minimum tax from line 5 of this form. ..... 10. _____
11. Add lines 9 and 10. ..... 11. _____
12. Enter the amount of credits from line 7 of this form. ..... 12. _____
13. Subtract line 12 from line 11. ..... 13. _____

PART 4

14. Enter the amount from line 8. ..... 14. _____
15. Subtract line 14 from line 13. ..... 15. _____
16. Enter the shareholder's pro rata share of the franchise tax paid by the financial institution. Subtract lines 16 and 17 of the IA 1120F from line 15 of the IA 1120F, then multiply the remainder by the shareholder's percentage of ownership in the S corporation. ..... 16. _____
17. Compare the amount on line 15 to the amount on line 16. Enter the **SMALLER** of those two amounts here. ..... 17. _____

Line 17 is the amount of Franchise Tax Credit to be entered on the IA 148 Tax Credits Schedule.
The amount of any unused credit may not be carried forward.