Iowa Department of Revenue
www.iowa.gov/tax

Iowa Corporation Schedule H1

Computation of Federal Tax Refund/Deduction

For Filing Status 2 or 3 only

Note: You must enclose 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				
2				
3				
4				
5				
6				
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41				
42				
43	**SUBTOTAL.** Use in computing fed. refund/deduction.			
44	Consolidating Adjustments and Eliminations			
45	**TOTAL.** 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	**FEDERAL REFUND/DEDUCTION.** Divide line 46 by line 47 and multiply by line 48 and 50%. Enter on IA 1120.			

CORPORATION NAME:_____ FEIN: _____

Schedule H General 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.

Iowa Schedule H has three parts:

- Schedule H1 calculates the federal tax deduction/refund.
- Information from the consolidating income statements for each company included in the consolidated federal return is entered on Schedule H2.
- Schedule H3 is used to reconcile the consolidating income statements (Schedule H2) with the consolidated federal return.

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.

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.

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

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 the “revenue producers formula.” The federal tax deduction is reported 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.

Schedule H1 Instructions

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.

Complete lines 46 through 50 of Schedule H1 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.

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Iowa Corporation Schedule H2

Consolidating Income Statements

For Filing Status 2 or 3 only

TAX PERIOD: _____

		Company 1	Company 2	Company 3
	Company Name			
	FEIN			
1a	Gross receipts or sales			
1b	Less returns & allowances			
1c	**Balance**			
2	Cost of goods sold			
3	**Gross Profit**			
4	Dividends			
5	Interest			
6	Gross rents			
7	Gross royalties			
8	Capital gain net income			
9	Net gain (or loss) from Form 4797			
10	Other income			
11	**Total income**			
12	Compensation of officers			
13	Salaries and wages			
14	Repairs and maintenance			
15	Bad debts			
16	Rents			
17	Taxes and licenses			
18	Interest			
19	Charitable contributions			
20	Depreciation			
21	Depletion			
22	Advertising			
23	Pension, profit-sharing, etc., plans			
24	Employee benefit programs			
25	Domestic production activities deduction			
26	Other deductions			
27	**Total deductions**			
28	**Taxable income before NOL & special deductions**			
29a	NOL deduction			
29b	Special deductions			
30	**Taxable income**			

CORPORATION NAME: _____ FEIN: _____

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Iowa Corporation Schedule H3

Reconcilliation of Iowa Schedule H2 with Consolidated Federal Return

For Filing Status 2 or 3 only

TAX PERIOD:_____

		Combined	Eliminations	Adjustments	Consolidated Return
1a	Gross receipts or sales				
1b	Less returns & allowances				
1c	**Balance**				
2	Cost of goods sold				
3	**Gross Profit**				
4	Dividends				
5	Interest				
6	Gross rents				
7	Gross royalties				
8	Capital gain net income				
9	Net gain (or loss) from Form 4797				
10	Other income				
11	**Total income**				
12	Compensation of officers				
13	Salaries and wages				
14	Repairs and maintenance				
15	Bad debts				
16	Rents				
17	Taxes and licenses				
18	Interest				
19	Charitable contributions				
20	Depreciation				
21	Depletion				
22	Advertising				
23	Pension, profit-sharing, etc., plans				
24	Employee benefit programs				
25	Domestic production activities deduction				
26	Other deductions				
27	**Total deductions**				
28	**Taxable income before NOL & special deductions**				
29a	NOL deduction				
29b	Special deductions				
30	**Taxable income**				

CORPORATION NAME:_____ FEIN: _____