



You may owe less tax by completing the worksheet below. All filing statuses except filing status 1 (single) may qualify for Iowa alternate tax. Single taxpayers may be eligible for the Iowa income tax reduction. See Iowa income tax reduction worksheet.

Special instructions for filing status 3 (married filing separately on a combined return) and filing status 4 (married filing separate returns):

- Use the combined net incomes of both spouses to compute the alternate tax.
- Prorate the alternate tax between spouses in the ratio of the net income of each spouse to the combined net income of both spouses.

“Net income” for purposes of this proration is the amount from line 26, plus any pension exclusion from line 21 and Reportable Social Security benefits shown on line 11 of the Social Security Worksheet.

- Net Operating Loss. If you are married filing separately and one spouse has a net operating loss that will be carried back or forward, then you cannot use the alternate tax computation. If the spouse with the net operating loss elects not to carry the net operating loss back or forward, then you can use the alternate tax computation. A statement must be included with the return saying that the spouse with the net operating loss will not carry it back or forward.

1. Enter:

- (a) Net income from line 26, IA 1040 (a) _____
- (b) Pension exclusion from line 21, IA 1040..... (b) _____
- (c) Reportable Social Security benefits from line 11
of the Social Security Worksheet. See
instructions for Step 4 of IA 1040..... (c) _____

Total. Add (a), (b), and (c)..... 1. _____

2. Enter \$13,500 (\$32,000 if you or your spouse is 65 or older on 12/31/14) 2. _____

3. Income subject to alternate tax. Subtract line 2 from line 1 3. _____

4. Multiply line 3 by 8.98% (.0898) 4. _____

5. Using the tax tables, determine the tax on the taxable income from line 38 of the IA1040. (Status 3 and 4 filers: Calculate tax separately and combine the amounts.) 5. _____

6. Compare the amounts on line 4 and line 5. Enter the smaller amount here and on line 39, IA1040..... 6. _____