



Iowa S Corporation Apportionment Tax Credit

Table with 2 columns: Name(s) / S Corporation Name and SSN or FEIN / S Corporation FEIN

PART I – Income Items

- 1. Ordinary business income (loss) from line 1, federal Schedule K-1 1. _____
2. Net rental real estate income (loss) from line 2, federal Schedule K-1..... 2. _____
3. Other net rental income (loss) from line 3, federal Schedule K-1..... 3. _____
4. Interest income from line 4, federal Schedule K-1 4. _____
5. Dividends from line 5a, federal Schedule K-1..... 5. _____
6. Royalties from line 6, federal Schedule K-1..... 6. _____
7. Net short-term capital gain (loss) from line 7, federal Schedule K-1 7. _____
8. Net long-term capital gain (loss) from line 8a, federal Schedule K-1 8. _____
9. Net section 1231 gain (loss) from line 9, federal Schedule K-1 9. _____
10. Other income (loss) from line 10, federal Schedule K-1 10. _____
11. S corporation income. Add lines 1 through 10..... 11. _____

PART II – Deductions

- 12. Section 179 deductions from line 11, federal Schedule K-1..... 12. _____
13. Other deductions other than itemized deductions from line 12, federal Schedule K-1. See instructions..... 13. _____
14. Add lines 12 and 13 14. _____
15. Taxpayer’s share of S corporation income. Subtract line 14 from line 11 15. _____
16. State adjustments to federal S corporation income. Include schedule..... 16. _____
17. Taxpayer’s share of Iowa S corporation income. Add lines 15 and 16..... 17. _____

PART III - Apportionment

- 18. Total non-business income 18. _____
19. Subtract line 18 from line 17 19. _____
20. Business activity ratio reported on Part IV, line 13 of IA 1120S 20. _____
21. Income apportioned to Iowa. Multiply line 19 by line 20 21. _____
22. Iowa non-business income..... 22. _____
23. Iowa source S corporation income. Add lines 21 and 22..... 23. _____

PART IV – Credit Calculation

- 24. Cash or property distribution from income not previously taxed by Iowa 24. _____
25. Federal tax on S corporation income, line 9, Schedule A, IA 134..... 25. _____
26. Subtract line 25 from line 24. If less than zero, enter zero 26. _____
27. Enter the greater of line 23 or line 26..... 27. _____
28. Iowa net income from line 26, IA 1040 or line 9, IA 1041, exclude NOL carryforward/carryback 28. _____
29. Subtract line 17 from line 28. If less than zero, enter zero 29. _____
30. Add lines 27 and 29..... 30. _____
31. Divide line 30 by line 28. Enter percentage to 4 decimals 31. _____ %
32. Subtract line 31 from 100%..... 32. _____ %
33. Iowa tax after credits from line 47, IA 1040, or line 26 less credit on line 27, IA 1041 33. _____
34. S Corporation Apportionment Tax Credit. Multiply line 32 by line 33, if less than zero, enter zero. Enter on Part I of the IA 148 Tax Credits Schedule 34. _____

IA 134 S Corporation Apportionment Tax Credit Instructions

Iowa resident shareholders of S corporations may be eligible for an S Corporation Apportionment Tax Credit if the S corporation carries on business outside Iowa. For tax years beginning on or after January 1, 2013, estates and trusts with a situs in Iowa that are shareholders in S corporations may be eligible for the credit if the S corporation carries on business outside of Iowa.

For married filing separate taxpayers, filing status 3 or 4, each spouse must calculate a separate credit on a separate IA 134.

If a taxpayer is a shareholder in multiple S corporations, a separate IA 134 must be completed for each S corporation.

Resident or trust shareholders of all S corporations which carry on business activities in at least one other state may, at their election, determine the S corporation income allocable to sources within Iowa by allocation and apportionment of the S corporation income.

A shareholder who has elected to apportion income and then elects not to apportion income cannot re-elect to apportion income for three tax years immediately following the first tax year in which the shareholder elected not to apportion income, unless the Director of the Iowa Department of Revenue consents to the election.

If a taxpayer claims the S Corporation Apportionment Tax Credit, then the taxpayer may not take an Out-of-State credit against Iowa income tax for income taxes paid to another state or foreign country on the S corporation income.

Line 13: Other Deductions - Do not include amounts paid by the corporation that would be allowed as itemized deductions on a shareholder's return if they were paid directly by a shareholder for the same purpose.

Line 24: Cash or property distributions from income not previously taxed by Iowa - Distributions from income not previously taxed by Iowa include the amount of all cash distributions and the fair market value of all property distributions made during the year. Do not include the following:

- a. Distributions not subject to Iowa tax. Example: interest from federal securities or certain securities issued by Iowa.
- b. Distributions from income previously taxed by Iowa for a year in which the S corporation was a C corporation and which is taxed as a dividend or capital gain for federal income tax purposes.
- c. Distributions from income previously taxed by Iowa for a year prior to the first tax year the resident shareholder elected to apportion income.
- d. Distributions paid from income for which the corporation can show that Iowa tax has been previously paid.

Line 34: S Corporation Apportionment Tax Credit - Enter in Part I, column D of the IA 148 Tax Credits Schedule, using tax credit code 11. Any credit in excess of the tax liability cannot be carried forward and should be entered as expired in column G of the IA 148.

Schedule A: Federal Income Tax Attributable to S Corporation Income

Shareholders who file a federal joint return and status 3 for Iowa can refer to Iowa rule 701-50.10 for clarification	
1. Taxpayer's share of federal S corporation income from line 15, IA 134.	
2. Federal adjusted gross income from line 37, federal 1040; or line 9, federal 1041.	
3. Divide line 1 by line 2. Enter percentage to 4 decimal places (not to exceed 100%).	%
4. Federal income tax before credits from line 44, federal 1040; or federal 1041, Schedule G line 1a.	
5. Federal alternative minimum tax from line 45, federal 1040; or federal 1041, Schedule G, line 1c.	
6. Net federal income tax. Add lines 4 and 5.	
7. Multiply line 3 by line 6.	
8. Federal income tax credits related to S corporation (exclude backup withholding and fuel tax credit).	
9. Federal income tax attributable to S corporation income. Subtract line 8 from line 7.	