



Iowa Minimum Tax Computation

Name(s) as shown on IA 1040 or IA 1041 | SSN or FEIN

PART 1 Adjustments and Preferences. See instructions

If you itemized deductions on Schedule A, start on line 1. If you did not itemize on your IA 1040, start on line 7.

- 1. Medical and dental (individual income tax only)
2. Taxes (exclude low income tax)
3. Interest
4. Miscellaneous itemized deductions
5. Refund of taxes (exclude Iowa income tax)
6. Investment interest (exclude interest and expense related to private activity bonds issues after 08/07/86) (individual income tax only)
7. Post-1986 depreciation
8. Disposition of property
9. Incentive stock options
10. Passive activities
11. Beneficiaries of estates and trusts
12. Enter the amount for each corresponding item. Enter total on line 12.
a. Circulation expenditures
b. Installment sales
c. Large partnerships
d. Long-term contracts
e. Loss limitations
f. Mining costs
g. Research and experimental
h. Small Business stock
i. Related adjustments (see instructions)
j. Income distribution deduction (estates and trusts only)
k. Estate tax deduction (estates and trusts only)
Line 12 total
13. Total Adjustments and Preferences. Combine lines 1 through 12

PART II Alternative Minimum Taxable Income

- 14. Taxable income from IA 1040, line 38; or IA 1041, line 22
15. Net operating loss deduction. Do not enter as a negative amount
16. Combine lines 14 and 15
17. Add lines 13 and 16
18. Alternative tax net operating loss deduction. See instructions
19. Alternative Minimum Taxable Income. Subtract line 18 from line 17

PART III Exemption Amount and Alternative Minimum Tax (based on Iowa filing status)

- 20. Enter \$35,000 if filing status 2; \$17,500\* if filing status 3 or 4; \$26,000 if filing status 1, 5, or 6
21. Enter \$150,000 if filing status 2; \$75,000\* if filing status 3 or 4; \$112,500 if filing status 1, 5, or 6
22. Subtract line 21 from line 19. If the result is zero or less, enter zero
23. Multiply line 22 by 25% (0.25)
24. Subtract line 23 from line 20. If the result is zero or less, enter zero
25. Subtract line 24 from line 19. If the result is zero or less, enter zero
26. Tentative Minimum Tax. Multiply line 25 by 6.7% (0.067)
27. Regular tax after credits. See instructions
28. Iowa Minimum Tax. Subtract line 27 from line 26, enter here and on IA 1040, line 41, or IA 1041, line 25. See instructions for Minimum Tax Limited to Net Worth. If less than zero, enter zero

PART IV NONRESIDENTS AND PART-YEAR RESIDENTS ONLY - Complete lines 29 - 32

- 29. Enter Iowa net income plus Iowa adjustments and preferences. See instructions. If less than zero, enter zero
30. Total net income plus total adjustments and preferences. See instructions
31. Divide line 29 by line 30 and enter the result to three (3) decimal places
32. Iowa Minimum Tax. Multiply line 28 by line 31. Enter here and on IA 1040, line 41, or IA 1041, line 25. See instructions for Minimum Tax Limited to Net Worth. If less than zero, enter zero

\*Exemption levels of \$17,500 and \$75,000 on lines 20 and 21, respectively, also apply to an estate or trust.

## 2014 IA 6251 Instructions

### Who Must File IA 6251?

All individuals, estates, and trusts that had one or more of the adjustments or preferences in Part I must complete form IA 6251 to see if they owe Iowa minimum tax. Taxpayers may have an Iowa minimum tax liability even if they owed no federal minimum tax. Nonresidents who have a liability for Iowa minimum tax are required to file an Iowa return even if they have no regular Iowa income tax liability.

Married filing separate filers: Each spouse needs to complete an IA 6251.

### Minimum Tax Credit

A minimum tax credit is available that may reduce the regular tax of an individual for minimum tax paid in a prior year. The Iowa credit is computed similarly to the federal credit but on form IA 8801. The IA 8801 and the IA 148 Tax Credits Schedule must be included with the IA 1040 if this credit is claimed.

### Minimum Tax Limited to Net Worth

Taxpayers who meet all qualifications for a distressed sale, but have a debt to asset ratio of 75% or less, are not subject to the minimum tax in an amount greater than the taxpayer's net worth. In situations where a taxpayer has multiple transactions (forfeitures, transfers, sales, or exchanges), minimum tax is limited to net worth prior to the last transaction in the tax year.

### Part I Adjustments and Preferences

If you did not itemize on the federal level, lines 1, 2, and 4 of the IA 6251 will refer to the Iowa Schedule A as follows:

- Line 1 of the IA 6251 refers to line 3 of the IA Schedule A.
- Line 2 of the IA 6251 refers to line 8 of the IA Schedule A.
- Line 4 of the IA 6251 refers to line 24 of the IA Schedule A.

Enter the appropriate amounts from federal form 6251 for individual income tax or from federal form 1041, Schedule I, for fiduciary tax. Lines 1 and 6 are applicable only for individual income tax, and lines 12(j) and 12(k) are applicable only for fiduciary tax.

**Note:** The federal tax preferences for percentage depletion of an oil, gas, or geothermal well and intangible drilling costs from lines 9 and 26 of federal form 6251 or lines 6 and 22 of federal form 1041, Schedule I are not tax preferences but are additions to income on line 14 of IA 1040, or line 8 of IA 1041.

### Line 12(i): Related Adjustments

Include related adjustments from line 27 of the federal 6251 or line 23 of federal form 1041, Schedule I only to the extent the adjustments are ones that affect the computation of net income. An adjustment related to tax-

exempt interest from private activity bonds would not be included, since this is not an Iowa tax preference or adjustment.

### Lines 12(j.) & 12(k.): Income Distribution Deduction & Estate Tax Deduction (estates and trusts only)

The amounts entered on these two lines are negative and will be subtracted from the sum of lines 12(a.) through 12(i.) when calculating the total to enter on line 12.

### Part II Alternative Minimum Taxable Income

#### Line 18: Net Operating Loss Deduction

A net operating loss can be carried back or carried forward to reduce a taxpayer's alternative minimum taxable income. However, before the net operating loss can be deducted, it must be reduced by any adjustments and tax preferences used in computing the net operating loss. A net operating loss that is carried to the current tax year on line 18 cannot exceed 90% of the amount on line 17. Any portion of the net operating loss which cannot be used, can be carried over to the next tax year.

### Part III Exemptions

**Line 27:** Enter the amount from IA 1040, line 39, less line 46; or enter the amount from IA 1041, line 23, less line 27. If less than zero, enter zero.

### Part IV Nonresidents and Part-Year Residents

Nonresidents and part-year residents of Iowa are required to pay Iowa minimum tax only on the percentage of adjustments and tax preferences which are Iowa source. Lines 29-32 in Part IV must be completed to calculate the Iowa minimum tax liability for nonresidents and part-year residents only if one has Iowa source adjustments or preferences.

**Line 29:** Add Iowa net income from line 26, IA 126, plus the total of those adjustments and tax preferences on line 13 of the IA 6251 that are from Iowa sources.

**Line 30:** Add total net income from line 27, IA 126, plus the total of all adjustments and tax preferences on line 13 of the IA 6251.

**Line 31:** Divide line 29 by line 30 and enter the result to three decimal places (Example: 0.786).

**Line 32:** Multiply line 28 by line 31. The result is the Iowa minimum tax and is to be entered on line 41, IA 1040, or on line 25, IA 1041. See the instructions below relating to minimum tax limited to net worth.

For additional information on what constitutes a "distressed sale," contact the Taxpayer Services Section. If calling from the Des Moines area or from out of state, call (515) 281-3114. Elsewhere in Iowa or from the Rock Island, Moline, or Omaha areas, call 1-800-367-3388 (toll free). E-mail: [idr@iowa.gov](mailto:idr@iowa.gov).