

If all corporate business is conducted within Iowa, do not complete Schedule D.

The classification of income by the labels customarily given them, such as interest, dividends, rents, and royalties, is of no aid in determining whether that income is business or nonbusiness income. Please provide all documentation to the Department showing why the income must be allocated as nonbusiness income.

Instructions: When referring to the columns designated below, enter the amounts on lines 1 through 8 if the corporation's commercial domicile is Iowa. Enter amounts on lines 9 through 16 if the corporation's commercial domicile is outside Iowa. However, rent, royalty, and capital or ordinary gain income from real or tangible personal property is allocated to the situs of the property producing the income. Also, see Iowa Admin. Code r. 701—54.2(3) for attribution of income from intangibles.

Column A Gross Income: Enter the amount of income on the appropriate line. If an entry is made on line 6 or 14, please include federal Schedule D. If an entry is made on line 1, do not include any amounts previously deducted on line 13 of Iowa Schedule A relating to foreign dividends.

Column B Related Expense: Enter directly-related expenses and indirectly-related interest expenses on the appropriate line. Include detailed schedules showing the computation of the related expense.

Column C Subtotal: Subtract column B from column A and enter the difference.

Column D 50% of Applicable Federal Income Tax: Enter 50% of the applicable federal income tax. Do not enter negative amounts. The effective tax rate equals line 5 divided by line 1 of form IA 1120. Multiply column C by this tax rate to determine the entry for column D. The total amount is limited to the federal tax deduction shown on line 5, IA 1120.

Column E Net Income: Subtract column D from column C and enter the difference.

Allocated Within Iowa

| Type of Income | A Gross Income | B Related Expenses | C Subtotal | D 50% of Applicable Federal Income Tax | E Net Income |
|-----------------------------------|-------------------|-----------------------|---------------|---|-----------------|
| 1. Net Dividend. See Instructions | | | | | |
| 2. Exempt Interest and Dividends | | | | | |
| 3. Other Interest | | | | | |
| 4. Rent | | | | | |
| 5. Royalties | | | | | |
| 6. Capital Gain | | | | | |
| 7. Other. Must include schedule. | | | | | |

8. Subtotal. Add column E, lines 1 through 7. Enter on line 13, IA 1120.....8. _____

Allocated Without Iowa

| Type of Income | A Gross Income | B Related Expenses | C Subtotal | D 50% of Applicable Federal Income Tax | E Net Income |
|------------------------------------|-------------------|-----------------------|---------------|---|-----------------|
| 9. Net Dividend. See Instructions. | | | | | |
| 10. Exempt Interest and Dividends | | | | | |
| 11. Other Interest | | | | | |
| 12. Rent | | | | | |
| 13. Royalties | | | | | |
| 14. Capital Gain | | | | | |
| 15. Other. Must include schedule. | | | | | |

16. Subtotal. Add column E, lines 9 through 15 16. _____

17. Total. Add column E, lines 8 and 16. Enter on line 9, IA 1120..... 17. _____

