

Shareholder name(s): _____ SSN or FEIN: _____

S corporation name: _____ 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. Total deductions. 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 statement 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 (BAR) reported on IA 1120S Schedule K-1,
referencing Part IV, line 13 of IA 1120S. Do not leave blank 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 zero or less, 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 net operating loss (NOL) carryforward/carryback 28. _____
- 29. Subtract line 17 from line 28. 29. _____
- 30. Add lines 27 and 29 30. _____
- 31. Divide line 30 by line 28. Enter the result as a percentage rounded to 4 decimal places. If less than zero, enter 0.00%. If 1 or greater, enter 100.00%. 31. _____ %
- 32. Subtract line 31 from 100.00% 32. _____ %
- 33. Iowa tax from line 42, IA 1040, or line 26, IA 1041 33. _____
- 34. S Corporation Apportionment Tax Credit for Full-Year Resident. Multiply line 32 by line 33, if zero or less, enter zero. If you were a full-year Iowa resident, enter this amount in column D on Part I of the IA 148 Tax Credits Schedule. If you were a part-year Iowa resident, proceed to Part V. 34. _____

PART V – Credit Calculation for Part-Year Residents

- 35. Enter the total amount of S corporation income (loss) that was reported as Iowa-source income on lines 1-25 of your IA 126, or in Column A of lines 1-8 of your IA 1041, Schedule C. This amount **CANNOT** exceed the amount entered on line 17 of this IA 134. 35. _____
- 36. From the total entered on line 35, enter the portion of that S corporation income (loss) that was reported as earned while an Iowa resident on your IA 126 or your IA 1041, Schedule C. 36. _____
- 37. Divide line 36 by line 17. Enter the result as a percentage rounded to 4 decimal places. If less than zero, enter 0.00%. If 1 or greater, enter 100.00% 37. _____ %
- 38. Multiply line 34 by line 37, if zero or less, enter zero. If you were a part-year resident, enter this amount in column D on Part I of the IA 148 Tax Credits Schedule. 38. _____

IA 148 Tax Credits Schedule must be completed



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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 1. _____
2. Federal adjusted gross income from line 11 of the federal 1040; or line 9 of the federal 1041 2. _____
3. Divide line 1 by line 2. Enter the result as a percentage rounded to 4 decimal places (not to exceed 100%)..... 3. _____ %
4. Federal income tax before credits from line 16 of the federal 1040; or line 1a of federal 1041 Schedule G 4. _____
5. Federal alternative minimum tax from line 1, federal 1040 Schedule 2; or line 1c of federal 1041 Schedule G 5. _____
6. Net federal income tax. Add lines 4 and 5..... 6. _____
7. Multiply line 3 by line 6 7. _____
8. Federal income tax credits related to the S corporation (exclude backup withholding and fuel tax credit)..... 8. _____
9. Federal income tax attributable to S corporation income. Subtract line 8 from line 7. Enter on line 25 of IA 134..... 9. _____

Iowa resident shareholders of S corporations, estates, and trusts with a situs in Iowa may be eligible for an S Corporation Apportionment Tax Credit if the S corporation carries on business within and without Iowa.

A shareholder who has elected to apportion income by claiming the S Corporation Apportionment Tax Credit 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, the taxpayer may not take an Out-of-State Tax Credit against Iowa income tax for income taxes paid to another state, local jurisdiction, or foreign country on the S corporation income.

For married taxpayers filing separately (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.

Each S Corporation Apportionment Tax Credit must be reported on a separate line of Part I on the IA 148 Tax Credits Schedule. Include the S corporation name in column M and the FEIN in column N of Part IV on the IA 148.

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 20: Business Activity Ratio (BAR)

Report the BAR provided to shareholders on the IA 1120S Schedule K-1. The S Corporation must complete the IA 1120S in order for shareholders to make a claim to this tax credit.

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 31: If the percentage is less than zero, enter 0.00%. If the percentage is 1 or greater, enter 100.00%. Otherwise, round the percentage to the nearest four decimal places, i.e. four digits to the right of the decimal place. If the fifth digit to the right of the decimal place is 1-4, round down (e.g. 10.46784% becomes 10.4678%). If the fifth digit to the right of the decimal place is 5-9, round up (e.g. 10.46785% becomes 10.4679%).

Line 34: S Corporation Apportionment Tax Credit—Full-Year Resident

If you are a full-year resident, enter in column D of Part I on the IA 148 Tax Credits Schedule; use tax credit code 11 in column A and leave column B blank. 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. Part-year residents must also complete lines 35-38 before claiming the credit.

Line 35: Your S corporation income (loss) reported on lines 1-25 of your IA 126, or Column A of lines 1-8 of your IA 1041, Schedule C, will include the total amount earned while you were an Iowa resident, and the portion attributable to Iowa earned while you were a nonresident. Report both amounts on this line.

Line 36: From the total amount reported on line 35, enter the total amount earned while you were an Iowa resident. Do not include the portion attributable to Iowa earned while you were a nonresident.

Line 38: S Corporation Apportionment Tax Credit—Part-Year Resident

If you are a part-year resident, enter in column D of Part I on the IA 148 Tax Credits Schedule; use tax credit code 11 in column A and leave column B blank. 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.

Include this form and the IA 148 with your IA 1040 or IA 1041.