

**Business name:** \_\_\_\_\_ **FEIN:** \_\_\_\_\_

**SEE INSTRUCTIONS BEFORE COMPLETING THIS FORM**

**Step 1 – Determine your Composite Return Federal Taxable Income. See instructions.**

1. Enter the total income from the federal schedule K-1s of all nonresident individuals included on IA 1040C, line 1..... 1. \_\_\_\_\_
2. Federal standard deduction..... 2. \$12,400
3. Composite return federal taxable income. Subtract line 2 from line 1. .... 3. \_\_\_\_\_

**Step 2 – Determine your Composite Return Net Capital Gain. See instructions.**

1. Total net long-term capital gains/losses. .... 1. \_\_\_\_\_
2. Total net section 1231 gain..... 2. \_\_\_\_\_
3. Enter the sum of lines 1 and 2. If zero or less, enter zero..... 3. \_\_\_\_\_
4. Total net short-term capital losses..... 4. \_\_\_\_\_
5. Enter the sum of lines 3 and 4. If zero or less, enter zero..... 5. \_\_\_\_\_
6. Total qualified dividends..... 6. \_\_\_\_\_
7. Composite return net capital gain. Add lines 5 and 6. If zero or less, enter zero. .... 7. \_\_\_\_\_

**Step 3 – Determine your composite return qualified business income (QBI) amounts. See instructions.**

	Column A	Column B	Column C
Business or aggregation name:	_____	_____	_____
Check if specified services business:	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Check if cooperative patron:	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Total QBI:	_____	_____	_____
Total W-2 wages:	_____	_____	_____
Total unadjusted basis immediately after acquisition (UBIA) of qualified property:	_____	_____	_____
Total real estate investment trust (REIT) dividends:	_____	_____	_____
Total qualified publicly traded partnership (PTP) income:	_____	_____	_____
QBI allocable to qualified payments from cooperative:	_____	_____	_____
W-2 wages allocable to qualified payments from cooperative:	_____	_____	_____
Section 199A(g) DPAD allocated from cooperative:	_____	_____	_____

**Step 4 – Determine your composite return federal QBI deduction.**

Complete the 2020 federal form 8995 or 8995-A, whichever is appropriate, using the federal taxable income, net capital gain, and QBI amounts computed in steps 1 through 3 of this worksheet, and using your carryforward losses from 2019, if any. Complete the appropriate forms as if the composite return filer were a single individual. For example, the composite return filer’s taxable income threshold amount for 2020 is \$163,300.

Do not include the federal forms with your return, but keep them for your records. You are responsible for providing documentation at the Department’s request to prove your federal QBI deduction calculation.

**Carryforward losses from 2019:**

For 2020, the qualified business net loss carryforward and the qualified REIT dividends and qualified PTP loss carryforward from 2019 entered on 2020 federal form 8995, lines 3 or 7, or on 2020 federal form 8995-A, Part IV, line 29, or Schedule C, line 2, should be the applicable amounts from your 2019 IA 8995C, Step 4, lines 1-4 under “2019 Carryforward Losses to Future Years”.

**2020 Carryforward losses to future years:**

If you calculate a qualified business net loss carryforward or a qualified REIT dividend and qualified PTP loss carryforward to future years on the 2020 federal form 8995 or 8995-A, report these amounts below. Use these amounts in your Iowa QBI deduction calculations in later years.

1. Qualified business loss carryforward from 2020 federal form 8995, line 16. .... 1. \_\_\_\_\_
2. Qualified REIT dividend and PTP loss carryforward from 2020 federal form 8995, line 17. .... 2. \_\_\_\_\_
3. Qualified REIT dividend and PTP loss carryforward from 2020 federal form 8995-A, Part IV, line 40. .... 3. \_\_\_\_\_
4. Qualified business loss carryforward from 2020 federal form 8995-A, Schedule C, line 6. .... 4. \_\_\_\_\_

**Step 5 – Calculate your Composite Return Iowa QBI Deduction. See instructions.**

1. Enter the total federal QBI deduction calculated on federal form 8995, line 15, or on federal form 8995-A, line 39 (see step 4 of this form). .... 1. \_\_\_\_\_
2. Multiply line 1 by 25% (.25). Round to the nearest whole dollar. .... 2. \_\_\_\_\_
3. Iowa apportionment percentage. See instructions. .... 3. \_\_\_\_\_
4. Multiply line 2 by the percentage on line 3. Round to the nearest whole dollar. Enter here and on IA 1040C, line 3. .... 4. \_\_\_\_\_

Keep a copy for your records.

## IA 8995C Instructions

For tax years beginning during the 2020 calendar year, Iowa code section 422.9(2A)(b) provides an Iowa QBI deduction to Iowa composite return filers equal to 25% of the amount of federal QBI deduction under Internal Revenue Code (IRC) §199A(a), and 25% of the amount of federal domestic production activities deduction (DPAD) under IRC §199A(g), that would be allowed to an individual reporting the same items of income and deduction as the composite return. This IA 8995C form must be completed for any Iowa composite return filing that includes nonresidents with QBI or §199A(g) DPAD in order to claim the Iowa QBI deduction. Steps 1 through 3 determine the amounts to be used in computing the federal QBI deduction. Step 4 determines the composite return's federal QBI deduction and any federal carryforward losses to future tax years. If you had carryforward losses from 2019, as reported on Step 4 of your 2019 IA 8995C, you will need those amounts to complete your federal QBI deduction. Step 5 calculates the composite return's Iowa QBI deduction. Include this form with your Iowa composite return.

### Step 1 – Determine your Composite Return Federal Taxable Income.

**Line 1:** Nonresident partners, shareholders, or members included on IA 1040C, line 1, will have a federal K-1 from the entity that shows that partner's, shareholder's, or member's income. Total each item of income or deduction on those federal schedule K-1 that is part of the federal adjusted gross income calculation (federal form 1040, line 11) and enter the net result on this line.

**Step 2 – Determine your Composite Return Net Capital Gain:** Step 2 is used to determine the amount of net capital gain to be included on federal form 8995, line 12, or form 8995-A, Part IV, line 34, in computing the composite return's federal QBI deduction. To figure the totals required to complete step 2, add the amounts from the appropriate lines of the federal schedule K-1s of all nonresident individuals included on IA 1040C, line 1.

**Line 1:** Enter the sum of the total long-term capital gains or losses reported on line 9a (1065 K-1), line 8a (1120S K-1), or line 4a or Box 11 Code C (1041 K-1) of the applicable federal

schedules K-1.

**Line 2:** Sum the total net section 1231 gains or loss reported on line 10 (1065 K-1), or line 9 (1120S K-1) of the applicable federal schedules K-1. If the total is a positive amount, enter that amount here. If zero or a negative amount, enter zero.

**Line 4:** Sum the total net short-term capital gain or loss reported on line 8 (1065 K-1), line 7 (1120S K-1), or line 3 or Box 11 Code B (1041 K-1) of the applicable federal schedules K-1. If the total is a negative amount, enter that amount here. If zero or a positive amount, enter zero.

**Line 6:** Enter the sum of the total qualified dividends reported on line 6b (1065 K-1), line 5b (1120S K-1), or line 2b (1041 K-1) of the applicable federal schedules K-1.

**Line 7:** If you have a composite return net capital gain, include the amount on federal form 8995, line 12, or form 8995-A, Part IV, line 34, as applicable, when computing your composite return federal QBI deduction in step 4.

### Step 3 – Determine your Composite Return QBI Amounts:

Step 3 is used to determine the QBI amounts to be included on federal form 8895 or 8895-A in computing the composite return's federal QBI deduction. Add the amounts reported on the federal schedules K-1 and attached statements of all nonresident individuals included on IA 1040C, line 1. Use columns A through C to report these amounts separately for each business or aggregation of businesses reported by the partnership, limited liability company, S corporation, or trust filing the composite return. If more than three separate businesses or aggregations were reported, include a separate schedule.

If the business or aggregation is a specified service business or a patron of a specified agricultural or horticultural cooperative, check the appropriate box.

**Total QBI:** For each business or aggregation, sum the qualified business income amounts reported on the appropriate statements for Box 20 Code Z (1065 K-1), Box 17 Code V (1120S K-1), or Box 14 Code I (1041 K-1) of the applicable federal schedules K-1.

**Total W-2 Wages:** For each business or aggregation, sum the W-2 wages reported on the appropriate statements for Box 20 Code Z (1065 K-1), Box 17 Code V (1120S K-1), or Box 14 Code I (1041 K-1) of the applicable federal schedules K-1.

**Total UBIA of Qualified Property:** For each business or aggregation, sum the UBIA of qualified property reported on the appropriate statements for Box 20 Code Z (1065 K-1), Box 17 Code V (1120S K-1), or Box 14 Code I (1041 K-1) of the applicable federal schedules K-1.

**Total REIT Dividends:** For each business or aggregation, sum the REIT dividends reported on the appropriate statements for Box 20 Code Z (1065 K-1), Box 17 Code V (1120S K-1), or Box 14 Code I (1041 K-1) of the applicable federal schedules K-1.

**Total Qualified PTP Income:** For each business or aggregation, sum the qualified PTP income reported on the appropriate statements for Box 20 Code Z (1065 K-1), Box 17 Code V (1120S K-1), or Box 14 Code I (1041 K-1) of the applicable federal schedules K-1.

**QBI Allocable to Cooperative Payments:** For each business or aggregation that received qualified payments from a cooperative as a patron, sum the QBI allocable to cooperative payments reported on the appropriate statements for Box 20 Code Z (1065 K-1), Box 17 Code V (1120S K-1), or Box 14 Code I (1041 K-1) of the applicable federal schedules K-1.

**W-2 Wages Allocable to Cooperative Payments:** For each business or aggregation that received qualified payments from a cooperative as a patron, sum the W-2 wages allocable to cooperative payments reported on the appropriate statements for Box 20 Code Z (1065 K-1), Box 17 Code V (1120S K-1), or Box 14 Code I (1041 K-1) of the applicable federal schedules K-1.

**Section 199A(g) DPAD Allocated from Cooperative:** If the composite return filer was a patron in a cooperative, enter the sum of the section 199A(g) DPAD amounts reported on the appropriate statements for Box 20 Code Z (1065 K-1), Box 17 Code V (1120S K-1), or Box 14 Code I (1041 K-1) of the applicable federal schedules K-1.

### **Step 5 – Calculate your Composite Return Iowa QBI Deduction.**

**Line 3:** If the composite return filer is a partnership, limited liability company, or S corporation, enter the business activity ratio from the entity's IA 1065, Part IV, line 13, or the IA 1120S, Part IV, line 13, whichever is applicable. If the composite return filer is a trust, divide the total Iowa-source income shown on the IA 1040C, line 1, by the total all-source income from the trust of all the nonresident beneficiaries included on the IA 1040C, line 1. Enter the result as a percentage rounded to the sixth decimal place.