

Name(s): \_\_\_\_\_ Tax Period (MM/DD/YY): \_\_\_\_\_

Federal Employer Identification Number (FEIN) or SSN: \_\_\_\_\_

**For use in tax year 2020 only.** This form is intended to allow taxpayers to fully deduct any amount of business interest expense deduction that was disallowed for Iowa purposes in 2019 as a result of Iowa's conformity with Internal Revenue Code (IRC) section 163(j) as amended by P.L. 115-97 (TCJA). For tax years beginning on or after January 1, 2020, Iowa no longer conforms to this federal limitation on the business interest expense deduction. This form is intended only to calculate deductions allowed in 2020 for 2019 disallowed amounts. See IA 163 for current year business interest expense deduction adjustments in tax years 2020 and later. Before you complete this form, read the instructions.

Use whole dollars.

1. 2019 disallowed federal interest (add lines a and b)..... 1. \_\_\_\_\_
  - a. Amount from federal 2019 8990, line 31 ..... a. \_\_\_\_\_
  - b. Total the amounts from federal 2019 8990, Schedule A, column i. b. \_\_\_\_\_
2. 2019 additional disallowed Iowa interest from 2019 IA 101, line 3a, if any ..... 2. \_\_\_\_\_
3. Add lines 1 and 2 ..... 3. \_\_\_\_\_
4. 2019 federal prior year carryforward from 2019 IA 101, Part II, row b, column D .. 4. \_\_\_\_\_
5. Iowa interest expense carryforward from 2019. Subtract line 4 from line 3.  
If less than zero, enter -0- See instructions ..... 5. \_\_\_\_\_

Include this form with your tax return.



This form should be used for **tax year 2020 only**. For tax year 2019, Iowa conformed with P.L. 115-97 (TCJA) which limited certain taxpayers' business interest expense deduction each year to 30% of the taxpayer's adjusted taxable income. Iowa **did not** conform with P.L. 116-136 (CARES Act) which temporarily raised this limitation to 50% of the taxpayer's adjusted taxable income for tax year 2019. As a result of Iowa's nonconformity with the CARES Act, some taxpayers may have had a smaller Iowa business interest expense deduction than their federal deduction in 2019, and therefore a larger Iowa disallowed business interest expense carryforward amount from 2019. Taxpayers are allowed to deduct their entire outstanding Iowa business interest expense carryforward amount, which must be reconciled on the taxpayer's 2020 return. This form is used to account for this additional Iowa carryforward amount by allowing you to deduct it in tax year 2020. Use this form only if you filed a 2019 Iowa income tax return and were subject to the IRC section 163(j) limitation for either Iowa or federal purposes in that year.

**Include this form with your tax return.**

This form may be used by taxpayers filing IA 1120, IA 1120F, IA 1120S, IA 1065, IA 1040 and IA 1041.

**Instructions**

**Federal Consolidated Filers:** Corporate taxpayers that were included on a federal consolidated return in 2019 but filed separately for Iowa purposes, and Iowa consolidated groups that do not include all members of the federal consolidated group may have needed to recalculate their Iowa business interest expense limitation using the information of the separate entity or Iowa consolidated group and following the federal rules for determining the limitation in 2019. These taxpayers will need to enter the recalculated 2019 business interest expense limitation for the Iowa group or separate entity on this line in order to properly complete this form.

Iowa consolidated groups may need to make further adjustments when completing this form if the group's membership has changed between 2019 and 2020.

**Line 5: Iowa interest expense carryforward from 2019** – Subtract line 4 from line 3. Enter the result here, and in the place indicated for your tax type on the chart below.

The chart below indicates how reductions to income from line 5 of this form should be reported for each tax type. Enter the result in the place indicated for your tax type on the chart.

Iowa Form:	Enter reductions to income from line 5 on:
1040	Other income, line 14, code z
1041	Other income, line 8
1065	Part III, line 6
1120	Schedule A, line 16
1120S	Part III, line 7
1120F	Schedule D, line 7