

Shareholder name(s): \_\_\_\_\_

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

Financial institution name: \_\_\_\_\_ Financial institution FEIN: \_\_\_\_\_

**PART I – Income**

- 1. Enter income from line 38 of the 2022 IA 1040, or line 13 of the 2022 IA 1120, or line 25 of the 2022 IA 1041 ..... 1. \_\_\_\_\_
- 2. Enter shareholder’s pro rata share of the financial institution’s net income. Multiply the shareholder’s ownership percentage by the amount on the 2021 IA 1120S, Part III, line 10 or the 2022 IA 1120S, line 21, as appropriate ..... 2. \_\_\_\_\_
- 3. Income less pass-through income from financial institution. Subtract line 2 from line 1 ..... 3. \_\_\_\_\_

**PART II – Income Tax without Financial Institution Income**

- 4. Calculate the tax liability using the amount on line 3 with the appropriate 2022 tax table or percentage based on the return type (IA 1040, IA 1120, or IA 1041) ..... 4. \_\_\_\_\_
- 5. Enter any lump sum tax and/or Iowa Alternative Minimum Tax from line 40 and line 41 of the 2022 IA 1040 or line 28 and line 29 of the 2022 IA 1041 ..... 5. \_\_\_\_\_
- 6. Add lines 4 and 5 ..... 6. \_\_\_\_\_
- 7. Enter the amount of credits from line 46 of the 2022 IA 1040 or line 32 of the 2022 IA 1041 ..... 7. \_\_\_\_\_
- 8. Subtract line 7 from line 6. If zero or less, enter zero ..... 8. \_\_\_\_\_

**PART III – Income Tax on All Income**

- 9. Enter tax from line 39 of the 2022 IA 1040, or line 14 of the 2022 IA 1120, or line 31 of the 2022 IA 1041 ..... 9. \_\_\_\_\_
- 10. Total income tax liability. Add lines 5 and 9 ..... 10. \_\_\_\_\_
- 11. Subtract line 7 from line 10. If zero or less, enter zero ..... 11. \_\_\_\_\_

**PART IV – Calculation of Franchise Tax Credit**

- 12. Income tax on financial institution income. Subtract line 8 from line 11. If zero or less, enter zero ..... 12. \_\_\_\_\_
- 13. Shareholder’s pro rata share of the financial institution’s franchise tax liability minus any tax credits claimed. Subtract line 14 of the IA 1120F from line 13 of the IA 1120F, then multiply that amount by the shareholder’s percentage of ownership in the S corporation ..... 13. \_\_\_\_\_
- 14. Franchise Tax Credit. Enter the smaller of line 12 or line 13. Enter in column D of Part I on the 2022 IA 148 Tax Credits Schedule ..... 14. \_\_\_\_\_



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**IA 148 Tax Credits Schedule must be completed.**

**Purpose of Form**

If a financial institution as defined in section 581 of the Internal Revenue Code elects to file as an S corporation for federal income tax purposes and, therefore, to have its income taxed directly to shareholders, those shareholders who are individuals (IA 1040 filers), fiduciaries (IA 1041 filers), or entities subject to the Iowa corporation income tax (IA 1120 filers) may qualify for a Franchise Tax Credit. The tax credit cannot exceed the shareholder's pro rata share of the Iowa franchise tax paid by the financial institution.

To complete this form, you will need information from the 1120F and 1120S filed by the financial institution. This information must be included with your IA 1120S Schedule K-1. If the financial institution did not provide the required information with your IA 1120S Schedule K-1, you are not eligible to claim the franchise tax credit. You will also need your IA 1040, IA 1120, or IA 1041.

**Line Instructions****Line 2: Share of financial institution income**

Multiply your ownership percentage in the S corporation by the S corporation's total income as modified for Iowa tax purposes. If you are reporting income from a 2021 IA 1120S, this is the amount on Part III, line 10 of the 1120S. If you are reporting income from a 2022 IA 1120S, this is the amount on Part 4, line 21 of the IA 1120S.

**Line 6: Potential income tax**

The sum of lines 4 and 5 represents your income tax liability owed on all income except your share of the financial institution's income.

**Line 8: Income tax without financial institution income**

The difference between lines 6 and 7 represents your income tax liability minus designated tax credits on your income without your share of the the financial institution income.

**Line 11: Income tax on all income**

The difference between lines 10 and 7 represents your income tax liability on all income minus designated tax credits.

**Line 13: Shareholder's pro rata share of franchise tax**

Enter your share of the financial institution's net franchise tax liability. This is the amount of franchise tax liability reported on line 13 of the IA 1120F minus any tax credits claimed by the financial institution on line 14 of the IA 1120F, multiplied by your ownership percentage.

**Line 14: Franchise Tax Credit**

The Franchise Tax Credit that can be claimed against your income tax is the smaller of the income tax you owe on your share of the financial institution's income or your share of the franchise tax paid by the financial institution. Enter the smaller of the amount on line 12 or line 13 of this form.

Enter this amount in column D of Part I on the 2022 IA 148 Tax Credits Schedule; use tax credit code 04 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.

File a separate IA 147 for each Franchise Tax Credit received. Each Franchise Tax Credit must be reported on a separate line in Part I of the 2022 IA 148 Tax Credits Schedule. Include the financial institution name in column M and the FEIN in column N of Part IV of the IA 148.

Include this form with your IA 1040, IA 1041, or IA 1120.