



2003 Franchise Tax Credit Worksheet

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 have its income taxed directly to the shareholders, those shareholders (Individuals, C corporations, Fiduciaries) qualify for a Franchise Tax Credit. The credit cannot exceed the shareholder's pro rata share of the Iowa Franchise Tax paid by the financial institution.

Shareholder Name: _____ Shareholder SSN or FEIN: _____
Financial Institution Name: _____ Financial Institution FEIN: _____

PART 1

1. Enter the income from shareholder's return (line 42 of IA1040; or line 16 of IA1120; or line 23 of IA1041): 1. _____
2. Enter the shareholder's pro rata share of the financial institution's net income (shareholder's ownership percentage in the S-corporation multiplied by the net income amount from line 12 of the Franchise return IA1120F): 2. _____
3. Subtract line 2 from line 1: 3. _____

PART 2

4. Calculate tax on the amount from line 3, using the appropriate tax table or percentage for the type of tax return being filed by the shareholder (IA1040, or IA1120, or IA1041): 4. _____
5. Enter the amount of any Lump-Sum Tax and/or Minimum Tax (line 44 plus line 45 of IA1040; or line 18 of IA1120; or line 25 plus line 26 of IA1041): 5. _____
6. Add lines 4 and 5: 6. _____
7. Enter the amount of Credits (line 47 plus line 49 of IA1040; or line 20 of IA1120 – excluding any Motor Fuel Credit and Franchise Tax Credit; or line 28 of IA1041): 7. _____
8. Subtract line 7 from line 6: 8. _____

PART 3

9. Enter the tax amount from shareholder's return (line 43 of the IA1040; or line 17 of the IA1120; or line 24 of the IA1041): 9. _____
10. Enter the amount of any Lump-Sum Tax and/or Minimum Tax from line 5 of this form: 10. _____
11. Add lines 9 and 10: 11. _____
12. Enter the amount of Credits from line 7 of this form: 12. _____
13. Subtract line 12 from line 11: 13. _____

PART 4

14. Enter the amount from line 8: 14. _____
15. Subtract line 14 from line 13: 15. _____
16. Enter the shareholder's pro rata share of the Franchise Tax paid by the financial institution (subtract lines 16 and 17 of the IA 1120F from line 15 of the IA1120F, then multiply the remainder by the shareholder's percentage of ownership in the S-corporation): 16. _____
17. Compare the amount on line 15 to the amount on line 16. Enter the **SMALLER** of those two amounts here: 17. _____

Line 17 is the amount of Franchise Tax Credit to be entered on the shareholder's return. (line 54 of IA1040; or line 20 of IA1120; or line 31 of IA1041)