



S Corp Apportionment Credit

Name(s) as shown on IA 1040	Social Security No.	Spouse's SSN (if filing status 2)
Name of S Corporation	Federal Identification Number	

PART 1: INCOME ITEMS Note: Lines 1-10 are from Shareholder's Federal Schedule K-1

- 1. Ordinary business income (loss) (line 1, Federal Schedule K-1) 1 _____
- 2. Net rental real estate income (loss) (line 2, Federal Schedule K-1) 2. _____
- 3. Other net rental income (loss) (line 3, Federal Schedule K-1) 3. _____
- 4. Interest income (line 4, Federal Schedule K-1) 4. _____
- 5. Dividends (line 5a, Federal Schedule K-1)..... 5. _____
- 6. Royalties (line 6, Federal Schedule K-1) 6. _____
- 7. Net short-term capital gains (loss) (line 7, Federal Schedule K-1) 7. _____
- 8. Net long-term capital gains (loss) (line 8a, Federal Schedule K-1) 8. _____
- 9. Net section 1231 gain (loss) (line 9, Federal Schedule K-1) 9. _____
- 10. Other income (loss) (line 10, Federal Schedule K-1) 10. _____
- 11. S corporation income (sum of lines 1-10) 11. _____

PART II: DEDUCTIONS

- 12. Section 179 deduction (line 11, Federal Schedule K-1) 12. _____
- 13. Other deductions (other than itemized deductions - see instructions) (line 12, Federal Schedule K-1) .. 13. _____
- 14. Sum of 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 (attach schedule) 16. _____
- 17. Taxpayer's share of Iowa S corporation income (add lines 15 and 16) 17. _____

PART III: APPORTIONMENT

- 18. Enter total non-business income 18. _____
- 19. Subtract line 18 from line 17 19. _____
- 20. Business activity ratio (as reported by S corporation on Schedule C of 1120S) 20. _____
- 21. Income apportioned to Iowa (line 19 times line 20) 21. _____
- 22. Enter Iowa non-business income 22. _____
- 23. Iowa-source S corporation income (add lines 21 and 22) 23. _____

PART IV: CREDIT CALCULATION

- 24. Value of cash or property distribution from income not previously taxed by Iowa 24. _____
- 25. 100% of Federal tax on S corporation income (100% of line 9, Schedule A, IA 134) 25. _____
- 26. Subtract line 25 from line 24 (if less than zero, enter zero) 26. _____
- 27. Enter the greater of line 23 or line 26 27. _____
- 28. Iowa net income (line 26, IA 1040; exclude NOL carryforward/carryback) 28. _____
- 29. Enter the amount from line 17, IA 134 29. _____
- 30. Subtract line 29 from line 28 (if less than zero, enter zero) 30. _____
- 31. Enter the amount from line 27, IA 134 31. _____
- 32. Add lines 30 and 31 32. _____
- 33. Divide line 32 by line 28 (enter percent to 4 decimal places) 33. _____ %
- 34. Subtract line 33 from 100% 34. _____ %
- 35. Iowa tax after credits (line 51, IA 1040; less any Franchise Tax Credit included on line 54, IA 1040) . 35. _____

36. Credit: Multiply line 35 by line 34 (if less than zero, enter zero).
 Enter on the IA 148 Tax Credits Schedule. 36.



GENERAL INSTRUCTIONS

Iowa resident shareholders of S corporations may be eligible for a credit if the S corporation carries on business outside Iowa.

Married filing separate taxpayers (filing status 3 or 4): Each spouse must calculate a separate IA 134 credit.

If a taxpayer is a shareholder in multiple S corporations, a separate IA 134 must be completed for each S corporation.

Resident shareholders of all S corporations which carry on business activities in at least one other state may, at their election, determine the S corporation income allocable to sources within Iowa by allocation and apportionment of the S corporation income.

Page 1, 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.

Page 1, line 24 - Value of 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 on this line:

- 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.

OTHER INFORMATION

1. A shareholder of an S corporation which carries on business outside Iowa which has elected to apportion income 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.

2. If a taxpayer takes advantage of the apportionment provisions for a resident shareholder of an S corporation, then the taxpayer may not take a credit against Iowa income tax for income taxes or taxes measured by income paid to another state or foreign country on the S corporation income.

3. To the extent that any gift, grant, or donation to the Iowa Educational Savings Plan Trust Endowment Fund made on or after July 1, 1998, but before April 15, 2004, has not been deducted in computing Federal taxable income, shareholders may deduct their pro rata share of the amount for Iowa income tax purposes.

4. For tax years beginning on or after January 1, 2002, 100% of Federal income tax attributable to S corporation income can be deducted on page 1, line 25.

For more information, contact Taxpayer Services at 515/281-3114 or 1-800-367-3388 (Iowa, Omaha, Rock Island/Moline only); e-mail: idr@iowa.gov.

Schedule A: Federal Income Tax Attributable to S Corporation Income	
Shareholders who file joint returns for Federal and status 3 for Iowa can refer to Iowa rule 701-50.10 for clarification.	
1 Taxpayer's share of Federal S corporation income (line 15, IA 134)	
2 Federal adjusted gross income (line 37, Federal 1040)	
3 Line 1 divided by line 2 (enter percentage to 4 decimal places)	%
4 Federal income tax before credits (line 43, Federal 1040)	
5 Federal alternative minimum tax (line 44, Federal 1040)	
6 Net Federal income tax (line 4 plus line 5)	
7 Line 3 times line 6	
8 Federal income tax credits related to S corp (exclude backup withholding and MVF tax credit)	
9 Federal income tax attributable to S corporation income (line 7 minus line 8)	