Iowa Department of REVENUE

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 2023 IA 1040, line 4, or 2023 IA 1120, line 13, or 2023 IA 1041, line 25 .... 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 IA 1120S, line 21 .... 2. _____

3. Income less pass-through income from financial institution. Subtract line 2 from line 1. If zero or less, enter zero .... 3. _____

PART II – Income Tax without Financial Institution Income

4. Calculate the tax liability using the amount on line 3 with the appropriate 2023 tax rate schedule or percentage based on the return type (IA 1040, IA 1120, or IA 1041) .... 4. _____

5. Enter any lump sum tax from the 2023 IA 1040, line 6, or 2023 IA 1041, line 28 .... 5. _____

6. Add lines 4 and 5 .... 6. _____

7. Enter the amount of credits from 2023 IA 1040, line 11, or 2023 IA 1041, line 32 .... 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 2023 IA 1040, line 5, 2023 IA 1120, line 14, or 2023 IA 1041, line 31 minus line 28 .... 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. Enter one of the following amounts, as applicable:
(a) Subtract 2022 IA 1120F, line 14, from 2022 IA 1120F, line 13, then multiply that amount by the shareholder's percentage of ownership in the S corporation. If zero or less, enter zero.
(b) Multiply 2023 IA 1120F, line 14, by the shareholder's percentage of ownership in the S corporation. If zero or less, enter zero .... 13. _____

14. Franchise Tax Credit. Enter the smaller of line 12 or line 13. Enter in column D of Part I on the 2023 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.

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, which is the amount reported on IA 1120S, Part 4, line 21.

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 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. If your financial institution's tax year began in 2022, this is the amount of franchise tax liability reported on 2022 IA 1120F, line 13, minus any tax credits claimed by the financial institution on 2022 IA 1120F, line 14, multiplied by your ownership percentage. If your financial institution's tax year began in 2023, this is the amount of the franchise tax liability reported on 2023 IA 1120F, line 14, multiplied by your ownership percentage. If zero or less, enter zero.

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 2023 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 2023 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.