



Iowa Minimum Tax Computation

Name(s) as shown on IA 1040 or IA 1041 | SSN or FEIN

PART 1: Adjustments and Preferences. See instructions.

If you itemized deductions on Schedule A, start on line 1. If you did not itemize on your IA 1040, start on line 7.

- 1. Medical and dental from line 2, federal form 6251
2. Taxes from line 3, federal form 6251, less any Iowa income tax included on that line
3. Certain interest on a home mortgage not used to build, buy, or improve your home, from line 4, federal form 6251
4. Miscellaneous itemized deductions from line 5, federal form 6251
5. Refund of taxes from line 7, federal form 6251, less any Iowa income tax included on that line
6. Investment interest from line 8, federal form 6251, less interest and expense related to private activity bonds issued after 08/07/86
7. Post - 1986 depreciation from line 18, federal form 6251
8. Adjusted gain or loss from line 17, federal form 6251
9. Incentive stock options from line 14, federal form 6251
10. Passive activities from line 19, federal form 6251
11. Beneficiaries of estates and trusts from line 15, federal form 6251
12. Enter the amount for each corresponding item from federal form 6251. Enter total on line 12.
a. Circulation expenditures (line 21)
b. Depreciation (pre-1987)
c. Installment sales (line 25)
d. Large partnerships (line 16)
e. Long-term contracts (line 22)
f. Loss limitations (line 20)
g. Mining costs (line 23)
h. Patron's adjustment
i. Pollution control facilities
j. Research and experimental (line 24)
k. Section 1202 exclusion (line 13)
l. Tax shelter farm activities
m. Related adjustments (see inst.) (line 27)
13. Total Adjustments and Preferences. Combine lines 1 through 12.

PART II: Alternative Minimum Taxable Income

- 14. Taxable income from IA 1040, line 42; or IA 1041, line 22
15. Net operating loss deduction. Do not enter as a negative amount.
16. Combine lines 14 and 15.
17. Add lines 13 and 16.
18. Alternative tax net operating loss deduction. See instructions.
19. Alternative Minimum Taxable Income. Subtract line 18 from line 17.

PART III: Exemption Amount and Alternative Minimum Tax

- 20. Enter \$35,000 (\*\$17,500 if filing status 3 or 4; \$26,000 if single, head of household or qualifying widow(er) ...
21. Enter \$150,000 (\*\$75,000 if filing status 3 or 4; \$112,500 if single, head of household or qualifying widow(er)
22. Subtract line 21 from line 19. If the result is zero or less, enter zero.
23. Multiply line 22 by 25% (0.25).
24. Subtract line 23 from line 20. If the result is zero or less, enter zero.
25. Subtract line 24 from line 19. If the result is zero or less, enter zero.
26. Multiply line 25 by 6.7% (0.067).
27. Regular tax after credits. See instructions.
28. Iowa Minimum Tax. Subtract line 27 from line 26, enter here and on IA 1040, line 45, or IA 1041, line 25. See instructions for Minimum Tax Limited to Net Worth. If less than zero, enter zero.

PART IV: NONRESIDENTS AND PART-YEAR RESIDENTS ONLY - Complete lines 29 - 32.

- 29. Enter Iowa net income plus Iowa adjustments and preferences. See instructions. If less than zero, enter zero.
30. Total net income plus total adjustments and preferences. See instructions.
31. Divide line 29 by line 30 and enter the result to three (3) decimal places.
32. Iowa Minimum Tax. Multiply line 28 by line 31. Enter here and on IA 1040, line 45, or IA 1041, line 25. See instructions for Minimum Tax Limited to Net Worth. If less than zero, enter zero.

\*Exemption levels of \$17,500 and \$75,000 on lines 20 and 21, respectively, also apply to an estate or trust.



## 2011 IA 6251 Instructions

### WHO MUST FILE IA 6251

All individuals, estates, and trusts that had one or more of the adjustments or preferences in Part I must complete form IA 6251 to see if they owe Iowa minimum tax. Taxpayers may have an Iowa minimum tax liability even if they owed no federal minimum tax. Nonresidents who have a liability for Iowa minimum tax are required to file an Iowa return even if they have no regular Iowa income tax liability.

Married filing separate filers: Each spouse needs to complete an IA 6251.

### PART I: ADJUSTMENTS AND PREFERENCES

If you did not itemize on the federal level, lines 1-6 of the IA 6251 will refer to the Iowa Schedule A.

**Note:** The federal tax preferences for percentage depletion of an oil, gas, or geothermal well and intangible drilling costs from lines 9 and 26 of federal form 6251 are not tax preferences but are additions to income on line 14 of IA 1040.

### RELATED ADJUSTMENTS

#### Line 12-m.

Include related adjustments from line 27 of the federal 6251 only to the extent the adjustments are ones that affect the computation of net income. An adjustment related to tax-exempt interest from private activity bonds would not be included, since this is not an Iowa tax preference or adjustment.

### ALTERNATIVE NET OPERATING LOSS DEDUCTION

#### Line 18.

A net operating loss can be carried back or carried forward to reduce a taxpayer's alternative minimum taxable income. However, before the net operating loss can be deducted, it must be reduced by any adjustments and tax preferences used in computing the net operating loss. A net operating loss that is carried to the current tax year on line 18 cannot exceed 90% of the amount on line 17. Any portion of the net operating loss which cannot be used can be carried over to the next tax year.

#### Line 27.

Enter the amount from IA 1040, line 43, less line 49; or enter the amount from IA 1041, line 23, less line 27. If less than zero, enter zero.

### NONRESIDENTS AND PART-YEAR RESIDENTS

Nonresidents and part-year residents of Iowa are required to

pay Iowa minimum tax only on the percentage of adjustments and tax preferences which are Iowa source. Lines 29-32 in Part IV must be completed to calculate the Iowa minimum tax liability for nonresidents and part-year residents only if one has Iowa source adjustments or preferences.

#### Line 29.

Add Iowa net income from line 26, IA 126, plus the total of those adjustments and tax preferences on line 13 of the IA 6251 that are from Iowa sources.

#### Line 30.

Add total net income from line 27, IA 126, plus the total of all adjustments and tax preferences on line 13 of the IA 6251.

#### Line 31.

Divide line 29 by line 30 and enter the result to three decimal places (Example: .786).

#### Line 32.

Multiply line 28 by line 31. The result is the Iowa minimum tax and is to be entered on line 45, IA 1040, or on line 25, IA 1041. See the instructions below relating to minimum tax limited to net worth.

### MINIMUM TAX LIMITED TO NET WORTH

Taxpayers who meet all qualifications for a distressed sale, but have a debt to asset ratio of 75% or less, are not subject to the minimum tax in an amount greater than the taxpayer's net worth. In situations where a taxpayer has multiple transactions (forfeitures, transfers, sales, or exchanges), minimum tax is limited to net worth prior to the last transaction in the tax year. For additional information on what constitutes a "distressed sale," contact the Taxpayer Services Section. If calling from the Des Moines area or from out of state, call (515) 281-3114. Elsewhere in Iowa or from the Rock Island, Moline, or Omaha areas, call 1-800-367-3388 (toll free). E-mail: [idr@iowa.gov](mailto:idr@iowa.gov)

### ALTERNATIVE MINIMUM TAX CARRYFORWARD CREDIT

An alternative minimum tax credit is available that may reduce the regular tax of an individual for minimum tax paid in a prior year on deferral items of tax preference. The Iowa credit is computed similarly to the federal credit but on form IA 8801. The IA 8801 and the IA 148 Tax Credits Schedule must be attached to the IA 1040 if this credit is claimed.

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