

2015 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 Alternative Minimum Tax (AMT). Taxpayers may have an Iowa AMT liability even if they owed no federal AMT. Nonresidents who have a liability for Iowa AMT 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.

NOTE: An AMT credit is available that may reduce the regular tax of an individual for AMT paid in a prior year. See instructions for form IA 8801.

Part I Adjustments and Preferences

If you did not itemize on the federal level, lines 1, 2, and 4 of the IA 6251 will refer to the Iowa Schedule A as follows:

- Line 1 of the IA 6251 refers to line 3 of the IA Schedule A.
- Line 2 of the IA 6251 refers to line 8 of the IA Schedule A.
- Line 4 of the IA 6251 refers to line 24 of the IA Schedule A.

Enter the appropriate amounts from federal form 6251 for individual income tax or from federal form 1041, Schedule I, for fiduciary tax. Lines 1 and 6 are applicable only for individual income tax, and lines 12j and 12k are applicable only for fiduciary tax.

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, or lines 6 and 22 of federal form 1041, Schedule I are not tax preferences but are additions to income on line 14 of IA 1040, or line 8 of IA 1041.

Line 12i: Related Adjustments

Include related adjustments from line 27 of the federal 6251 or line 23 of federal form 1041, Schedule I 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.

Lines 12j & 12k: Income Distribution Deduction & Estate Tax Deduction (IA 1041 only)

The amounts entered on these two lines are negative and will be subtracted from the sum of lines 12a through 12i when calculating the total to enter on line 12.

Part II Alternative Minimum Taxable Income

Line 18: Net Operating Loss Deduction

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.

Part III Exemptions Amount and Alternative Minimum Tax Based on Iowa Filing Status

Line 27: Enter the amount from IA 1040, line 39, less line 46; or enter the amount from IA 1041, line 23, less line 27. If less than zero, enter zero.

Part IV Nonresidents and Part-Year Residents

Nonresidents and part-year residents of Iowa are required to pay Iowa AMT 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 AMT 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: 0.786).

Line 32: Multiply line 28 by line 31. The result is the Iowa AMT and is to be entered on line 41, IA 1040, or on line 25, IA 1041. See the instructions below relating to alternative minimum tax limited to net worth.

Alternative 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 AMT in an amount greater than the taxpayer's net worth. In situations where a taxpayer has multiple transactions (forfeitures, transfers, sales, or exchanges), AMT is limited to net worth prior to the last transaction in the tax year. Please complete the IA 6251B form to determine net worth.

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 800-367-3388 (toll free). Email: idr@iowa.gov.