



Iowa Department of Revenue

Director: Courtney M. Kay-Decker
Hoover State Office Building
Des Moines, Iowa 50319
www.iowa.gov/tax

To: Business receiving a School Tuition Organization (STO) Tax Credit Award

From: Iowa Department of Revenue

Re: Process for claiming the STO Tax Credit

The purpose of this letter is to provide information regarding the claim of the STO Tax Credit that you have been awarded. The credit is nonrefundable, but can be carried forward for up to five years.

IF YOU ARE A C CORPORATION:

The STO Tax Credit awarded to your corporation can be claimed on your tax return using the IA 148 Tax Credit Schedule. Please make sure to use the Tax Credit Code 12 and include the 12 digit certificate number on the tax credit schedule. No pass-through entity information is required.

IF YOU ARE A PASS-THROUGH ENTITY (S Corporation, LLC, Partnership, etc.):

The STO Tax Credit awarded to your company can be claimed by your shareholders, members, partners, or beneficiaries (subsequently referred to as shareholders). Please report the award to your shareholders via the Iowa K-1. The information that needs to be provided to your shareholders is the following:

1. The amount of credit that is available to be claimed by the shareholder based on the shareholder's pro rata share in your company.
2. The 12-digit certificate number for the tax credit award.
3. Instructions to report the tax credit claim on the IA 148 Tax Credit Schedule filed with the Iowa tax return using the Tax Credit Code 12, the certificate number, and your company information to be included as the pass-through entity (the taxpayer does not need to report the School Tuition Organization on the schedule).
4. If your company has more than one award, please inform shareholders that each award (with a different certificate number) must be reported on a separate line of the IA 148 Tax Credit Schedule.

If you have any questions regarding these instructions, feel free to contact Angela Gullickson at 515-802-5770 or angela.gullickson@iowa.gov.