

422.11 Franchise tax credit.

1. The taxes imposed under [this subchapter](#), less the credits allowed under [section 422.12](#), shall be reduced by a franchise tax credit. A taxpayer who is a shareholder in a financial institution, as defined in section 581 of the Internal Revenue Code, which has in effect for the tax year an election under subchapter S of the Internal Revenue Code, or is a member of a financial institution organized as a limited liability company under [chapter 524](#) that is taxed as a partnership for federal income tax purposes, shall compute the amount of the tax credit by recomputing the amount of tax under [this subchapter](#) by reducing the taxable income of the taxpayer by the taxpayer's pro rata share of the items of income and expense of the financial institution and subtracting the credits allowed under [section 422.12](#). This recomputed tax shall be subtracted from the amount of tax computed under [this subchapter](#) after the deduction for credits allowed under [section 422.12](#). The resulting amount, which shall not exceed the taxpayer's pro rata share of the franchise tax paid by the financial institution, is the amount of the franchise tax credit allowed.

2. For a taxpayer making an election under [section 422.16C](#) that is also a financial institution subject to the franchise tax under [subchapter V](#), the tax imposed under [section 422.16C](#) shall be reduced by a franchise tax credit equal to the amount of franchise tax paid by the taxpayer for the same year.

[97 Acts, ch 154, §1, 3; 2004 Acts, ch 1141, §46; 2006 Acts, ch 1158, §16; 2007 Acts, ch 161, §2, 22; 2020 Acts, ch 1062, §94; 2023 Acts, ch 78, §1, 6, 7](#)

Referred to in [§2.48](#), [422.16](#), [422.16C](#)

2023 amendment applies retroactively to January 1, 2022, for tax years beginning on or after that date; 2023 Acts, ch 78, §7

Section amended