

701—50.8(422) Refunds. For tax years beginning on or after January 1, 1997, and before January 1, 1998, in order to elect to take advantage of the apportionment provisions for resident shareholders in an S corporation, the shareholder must file an individual income tax return reporting income and pay the tax including the alternative minimum tax as though the apportionment provision is not available and then file a claim for refund on Form 41-134, "IA 134 S Corporation Apportionment Refund." The claim for refund must be attached to the resident shareholder's individual income tax return and must be filed within ten months after the end of the resident shareholder's tax year. If the refund claim is not filed with the department within ten months of the end of the resident shareholder's tax year, no refund will be made.

Total refunds for a tax year may not exceed \$5 million.

In the case the refund claims are not paid in full, the amount of the refund to which the taxpayer is entitled is the pro-rata amount. The taxpayer is not entitled to a refund of the unpaid portion and the unpaid amount may not be carried forward or backward to another tax year.

The taxpayer may not use the refund as estimated tax payments for the succeeding tax year.

This rule is intended to implement Iowa Code section 422.5, subsection 1, paragraph "j," as amended by 1997 Iowa Acts, House File 306.