

## Limitation on Business Interest Expense Under Section 163(j)

▶ **Attach to your tax return.**  
 ▶ **Go to [www.irs.gov/Form8990](http://www.irs.gov/Form8990) for instructions and the latest information.**

Taxpayer name(s) shown on tax return	Identification number
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**Part I Computation of Allowable Business Interest Expense**  
*Part I is completed by all taxpayers subject to section 163(j). Schedule A and Schedule B need to be completed before Part I when the taxpayer is a partner or shareholder of a pass-through entity subject to 163(j).*

**Section I—Business Interest Expense**

1 Current year business interest expense (not including floor plan financing interest expense), before the section 163(j) limitation . . . . .	<b>1</b>				
2 Disallowed business interest expense carryforwards from prior years. (Does not apply to a partnership) . . . . .	<b>2</b>				
3 Partner's excess business interest expense treated as paid or accrued in current year (Schedule A, line 44, column (h)) . . . . .	<b>3</b>				
4 Floor plan financing interest expense. See instructions . . . . .	<b>4</b>				
<b>5 Total business interest expense.</b> Add lines 1 through 4 . . . . . ▶				<b>5</b>	

**Section II—Adjusted Taxable Income**

**Taxable Income**

<b>6 Taxable income.</b> See instructions . . . . .					<b>6</b>
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**Additions** (adjustments to be made if amounts are taken into account on line 6)

7 Any item of loss or deduction which is not properly allocable to a trade or business of the taxpayer. See instructions . . . . .	<b>7</b>				
8 Any business interest expense not from a pass-through entity. See instructions . . . . .	<b>8</b>				
9 Amount of any net operating loss deduction under section 172 . . . . .	<b>9</b>				
10 Amount of any qualified business income deduction allowed under section 199A . . . . .	<b>10</b>				
11 Deduction allowable for depreciation, amortization, or depletion attributable to a trade or business . . . . .	<b>11</b>				
12 Amount of any loss or deduction items from a pass-through entity. See instructions . . . . .	<b>12</b>				
13 Other additions. See instructions . . . . .	<b>13</b>				
14 Total current year partner's excess taxable income (Schedule A, line 44, column (f)) . . . . .	<b>14</b>				
15 Total current year S corporation shareholder's excess taxable income (Schedule B, line 46, column (c)) . . . . .	<b>15</b>				
<b>16 Total.</b> Add lines 7 through 15 . . . . . ▶				<b>16</b>	

**Reductions** (adjustments to be made if amounts are taken into account on line 6)

17 Any item of income or gain which is not properly allocable to a trade or business of the taxpayer. See instructions . . . . .	<b>17</b>				
18 Any business interest income not from a pass-through entity. See instructions . . . . .	<b>18</b>				
19 Amount of any income or gain items from a pass-through entity. See instructions . . . . .	<b>19</b>				
20 Other reductions. See instructions . . . . .	<b>20</b>				
<b>21 Total.</b> Combine lines 17 through 20 . . . . . ▶				<b>21</b>	( )
<b>22 Adjusted taxable income.</b> Combine lines 6, 16, and 21. (If zero or less, enter -0-.) . . . . . ▶				<b>22</b>	

**Section III—Business Interest Income**

23 Current year business interest income. See instructions . . . . .	<b>23</b>				
24 Excess business interest income from pass-through entities (total of Schedule A, line 44, column (g), and Schedule B, line 46, column (d)) . . . . .	<b>24</b>				
<b>25 Total.</b> Add lines 23 and 24 . . . . . ▶				<b>25</b>	

**Section IV – 163(j) Limitation Calculations**

**Limitation on Business Interest Expense**

<b>26</b>	Multiply adjusted taxable income (line 22) by 30% (0.30). See instructions . . . . .	<b>26</b>				
<b>27</b>	Business interest income (line 25) . . . . .	<b>27</b>				
<b>28</b>	Floor plan financing interest expense (line 4) . . . . .	<b>28</b>				
<b>29</b>	<b>Total.</b> Add lines 26, 27, and 28 . . . . . ▶	<b>29</b>				

**Allowable Business Interest Expense**

<b>30</b>	<b>Total current year business interest expense deduction.</b> See instructions. . . . .	<b>30</b>			
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**Carryforward**

<b>31</b>	<b>Disallowed business interest expense.</b> Subtract line 29 from line 5. (If zero or less, enter -0-.)	<b>31</b>			
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**Part II Partnership Pass-Through Items**

*Part II is only completed by a partnership that is subject to section 163(j). The partnership items below are allocated to the partners and are not carried forward by the partnership. See the instructions for more information.*

**Excess Business Interest Expense**

<b>32</b>	<b>Excess business interest expense.</b> Enter amount from line 31 . . . . .	<b>32</b>			
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**Excess Taxable Income** (If you entered an amount on line 32, skip lines 33 through 37.)

<b>33</b>	Subtract the sum of lines 4 and 25 from line 5. (If zero or less, enter -0-.) . . . . .	<b>33</b>			
<b>34</b>	Subtract line 33 from line 26. (If zero or less, enter -0-.) . . . . .	<b>34</b>			
<b>35</b>	Divide line 34 by line 26. Enter the result as a decimal. (If line 26 is zero, enter -0-.) . . . . .	<b>35</b>			
<b>36</b>	<b>Excess Taxable Income.</b> Multiply line 35 by line 22 . . . . .	<b>36</b>			

**Excess Business Interest Income**

<b>37</b>	<b>Excess business interest income.</b> Subtract the sum of lines 1, 2, and 3 from line 25. (If zero or less, enter -0-.) . . . . .	<b>37</b>			
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**Part III S Corporation Pass-Through Items**

*Part III is only completed by S corporations that are subject to section 163(j). The S corporation items below are allocated to the shareholders. See the instructions for more information.*

**Excess Taxable Income**

<b>38</b>	Subtract the sum of lines 4 and 25 from line 5. (If zero or less, enter -0-.) . . . . .	<b>38</b>			
<b>39</b>	Subtract line 38 from line 26. (If zero or less, enter -0-.) . . . . .	<b>39</b>			
<b>40</b>	Divide line 39 by line 26. Enter the result as a decimal. (If line 26 is zero, enter -0-.) . . . . .	<b>40</b>			
<b>41</b>	<b>Excess Taxable Income.</b> Multiply line 40 by line 22 . . . . .	<b>41</b>			

**Excess Business Interest Income**

<b>42</b>	<b>Excess business interest income.</b> Subtract the sum of lines 1, 2, and 3 from line 25. (If zero or less, enter -0-.) . . . . .	<b>42</b>			
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**SCHEDULE A Summary of Partner's Section 163(j) Excess Items**

Any taxpayer that owns an interest in a partnership subject to section 163(j) should complete Schedule A before completing Part I.

(a) Name of partnership	(b) EIN	Excess Business Interest Expense			(f) Current year excess taxable income	(g) Current year excess business interest income	(h) Excess business interest expense treated as paid or accrued (lesser of (e) or (f))	(i) Current year excess business interest expense carryforward ((e) minus (h))
		(c) Current year	(d) Prior year carryforward	(e) Total ((c) plus (d))				
<b>43</b> _____								
_____								
_____								
_____								
_____								
<b>44 Total</b> . . . . . ▶								

**SCHEDULE B Summary of S Corporation Shareholder's Excess Taxable Income and Excess Business Interest Income**

Any taxpayer that is required to complete Part I and is a shareholder in an S corporation that has excess taxable income or excess business interest income should complete Schedule B before completing Part I.

(a) Name of S corporation	(b) EIN	(c) Current year excess taxable income	(d) Current year excess business interest income
<b>45</b> _____			
_____			
_____			
_____			
<b>46 Total</b> . . . . . ▶			