Form **8990**
(Rev. December 2025)
Department of the Treasury
Internal Revenue Service

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

**Attach to your tax return.**
**Go to *www.irs.gov/Form8990* for instructions and the latest information.**

OMB No. 1545-0123

Attachment Sequence No. **990**

Taxpayer name(s) shown on tax return | **Identification number**

**A** If Form 8990 relates to an information return for a foreign entity (for example, Form 5471), enter:
Name of foreign entity
Employer identification number, if any
Reference ID number

**B** Is the foreign entity a CFC group member? See instructions . . . ☐ **Yes** ☐ **No**

**C** Is this Form 8990 filed by the specified group parent for an entire CFC group? See instructions . . . ☐ **Yes** ☐ **No**

**D** Has a CFC or a CFC group made a safe harbor election? If yes, see instructions for which lines of Form 8990 to complete . . . ☐ **Yes** ☐ **No**

## 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 section 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 | 1 | | | |
| 2 | Disallowed business interest expense carryforwards from prior years. (Does not apply to a partnership) | 2 | | | |
| 3 | Partner's excess business interest expense treated as paid or accrued in current year (Schedule A, line 44, column (h)) | 3 | | | |
| 4 | Floor plan financing interest expense. See instructions | 4 | | | |
| 5 | **Total business interest expense.** Add lines 1 through 4 | | | 5 | |

### Section II—Adjusted Taxable Income

**Tentative Taxable Income**

| | | | | | |
|---|---|---|---|---|---|
| 6 | **Tentative taxable income.** See instructions | | | 6 | |

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

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

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

| | | | | | |
|---|---|---|---|---|---|
| 17 | Any item of income or gain that is not properly allocable to a trade or business of the taxpayer. See instructions | 17 | ( ) | | |
| 18 | Any business interest income not from a pass-through entity. See instructions | 18 | ( ) | | |
| 19 | Amount of any income or gain items from a pass-through entity. See instructions | 19 | ( ) | | |
| 20 | Other reductions. See instructions | 20 | ( ) | | |
| 21 | **Total.** Combine lines 17 through 20 | | | 21 | ( ) |
| 22 | **Adjusted taxable income.** Combine lines 6, 16, and 21. See instructions | | | 22 | |

## Section III—Business Interest Income

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

## Section IV—163(j) Limitation Calculations

### Limitation on Business Interest Expense

| | | | | |
|---|---|---|---|---|
| 26 | Multiply the adjusted taxable income from line 22 by the applicable percentage. See instructions | 26 | | |
| 27 | Business interest income (line 25) | 27 | | |
| 28 | Floor plan financing interest expense (line 4) | 28 | | |
| 29 | **Total.** Add lines 26, 27, and 28 | | | 29 |

### Allowable Business Interest Expense

| | | | |
|---|---|---|---|
| 30 | **Total current year business interest expense deduction.** See instructions | 30 | |

### Carryforward

| | | | |
|---|---|---|---|
| 31 | **Disallowed business interest expense.** Subtract line 29 from line 5. (If zero or less, enter -0-.) | 31 | |

## 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

| | | | |
|---|---|---|---|
| 32 | **Excess business interest expense.** Enter amount from line 31 | 32 | |

### Excess Taxable Income (If you entered an amount on line 32, skip lines 33 through 37.)

| | | | |
|---|---|---|---|
| 33 | Subtract the sum of lines 4 and 25 from line 5. (If zero or less, enter -0-.) | 33 | |
| 34 | Subtract line 33 from line 26. (If zero or less, enter -0-.) | 34 | |
| 35 | Divide line 34 by line 26. Enter the result as a decimal. (If line 26 is zero, enter -0-.) | 35 | . |
| 36 | **Excess taxable income.** Multiply line 35 by line 22 | 36 | |

### Excess Business Interest Income

| | | | |
|---|---|---|---|
| 37 | **Excess business interest income.** Subtract the sum of lines 1, 2, and 3 from line 25. (If zero or less, enter -0-.) | 37 | |

## 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

| | | | |
|---|---|---|---|
| 38 | Subtract the sum of lines 4 and 25 from line 5. (If zero or less, enter -0-.) | 38 | |
| 39 | Subtract line 38 from line 26. (If zero or less, enter -0-.) | 39 | |
| 40 | Divide line 39 by line 26. Enter the result as a decimal. (If line 26 is zero, enter -0-.) | 40 | . |
| 41 | **Excess taxable income.** Multiply line 40 by line 22 | 41 | |

### Excess Business Interest Income

| | | | |
|---|---|---|---|
| 42 | **Excess business interest income.** Subtract the sum of lines 1, 2, and 3 from line 25. (If zero or less, enter -0-.) | 42 | |

## 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 (c) Current year (see instructions) | (d) Prior year carryforward (see instructions) | (e) Total ((c) plus (d)) | (f) Current year excess taxable income | (g) Current year excess business interest income | (h) Excess business interest expense treated as paid or accrued (see instructions) | (i) Current year excess business interest expense carryforward (see instructions) |
|---|---|---|---|---|---|---|---|---|---|
| 43 | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| 44 | **Total** . . . . . | | | | | | | | |

## 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 |
|---|---|---|---|---|
| 45 | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| 46 | **Total** . . . . . | | | |