

➤ Attach to Form N-11, N-15, or N-40.

Name(s) as shown on return

Social security number or employer identification number

Part I Total Investment Interest Expense

1 Investment interest expense paid or accrued in 2023. See Instructions	1		
2 Disallowed investment interest expense from 2022 Form N-158, line 7	2		
3 Total investment interest expense. Add lines 1 and 2	3		

Part II Net Investment Income

4a Gross income from property held for investment (excluding any net gain from the disposition of property held for investment).....	4a		
b Net gain from the disposition of property held for investment	4b		
c Enter the smaller of line 4b or your net capital gain from the disposition of property held for investment.....	4c		
d Line 4b minus line 4c.....	4d		
e Enter the amount from line 4c that you elect to include in investment income. See Instructions.....	4e		
f Investment income. Add lines 4a, 4d, and 4e.....	4f		
5 Investment expenses. See Instructions.....	5		
6 Net investment income. Line 4f minus line 5. If zero or less, enter -0-.....	6		

Part III Investment Interest Expense Deduction

7 Disallowed investment interest expense to be carried forward to 2024. Line 3 minus line 6. If zero or less, enter -0-	7		
8 Investment interest expense deduction. Enter the smaller of line 3 or line 6. See Instructions	8		

General Instructions

Section references are to the Internal Revenue Code unless otherwise noted.

Note

Section 265 (with respect to the nondeductibility of expenses and interest relating to tax-exempt income) shall be operative; except that it shall not apply to expenses and interest for royalties and other income derived from any patents, copyrights, and trade secrets by an individual or a qualified high technology business as defined in section 235-7.3, Hawaii Revised Statutes. Such expenses shall be deductible.

Purpose of Form

Use Form N-158 to figure the amount of investment interest expense you can deduct for 2023 and the amount you can carry forward to future years. Your investment interest expense deduction is limited to your net investment income.

For more information, get federal Publication 550, Investment Income and Expenses.

Who Must File

If you are an individual, estate, or a trust, you must file Form N-158 to claim a deduction for your investment interest expense.

Exception. You do not have to file Form N-158 if all of the following apply.

- Your investment income from interest and ordinary dividends is more than your investment interest expense.
- You do not have any other deductible investment expenses.
- You do not have any carryover of disallowed investment interest expense from 2022.

Allocation of Interest Expense

If you paid or accrued interest on a loan and used the loan proceeds for more than one purpose, you may have to allocate the interest. This is necessary because different rules apply to investment interest, personal interest, trade or business interest, home mortgage interest, and passive activity interest. See federal Publication 535, Business Expenses.

Specific Instructions

Part I — Total Investment Interest Expense

Line 1

Enter the investment interest expense paid or accrued during the tax year, regardless of when you incurred the indebtedness. Investment interest expense is interest paid or accrued on a loan or part of a loan that is allocable to property held for investment (as defined later).

Include investment interest expense reported to you on Schedule K-1 from a partnership or an S corporation. Include amortization of bond premium on taxable bonds purchased after October 22, 1986, but before January 1, 1988, unless you elected to offset amortizable bond premium against the interest payments on the bond. A taxable bond is a bond on which the interest is includible in gross income.

Investment interest expense **does not** include any of the following:

- Home mortgage interest.