IA 1040 Income Tax Return

2022

Iowa Department of
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02/20/23

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New for 2022

For tax years beginning on or after January 1, 2020, Iowa has adopted rolling conformity, meaning the state will automatically conform with any changes made to the Internal Revenue Code (IRC), except as specified by Iowa law.

Step 5

Line 14

Subtract to the extent included, up to $1,000, the amount of:

1. Premium pay received by a certified peace officer who was designated by the governor of the State of Iowa as an eligible worker.
2. Premium pay received by a correctional officer or medical staff member at a correctional facility who was designated by the governor of the State of Iowa as an eligible worker.
3. Premium pay received by a teacher employed by an independently accredited school or a teacher employed by the State of Iowa who was designated by the governor as an eligible worker.
4. Teacher retention payment received by a teacher that was funded from moneys received by the State of Iowa from the elementary and secondary school emergency relief fund pursuant to the federal Coronavirus Response and Relief Appropriations Act or the American Rescue Plan Act of 2021.
5. Teacher retention payment received by a teacher employed by a private school or specially accredited school, that was funded from the private sector worker premium pay program administered by the department of education that was funded from the State of Iowa moneys.
6. Recruitment and retention bonus received by a child care worker through the recruitment and retention bonus program administered by the department of human services.

Step 7

Line 27

In 2021, the federal Child Tax Credit was refundable for federal income tax purposes. Taxpayers who received a refund in 2022 from their 2021 federal income tax return are not required to add back any of the portion of the federal refund attributable to the refundable portion of the Child Tax Credit.

In 2021, the federal Child and Dependent Care Credit was partially refundable for federal income tax purposes. Taxpayers who received a refund in 2022 from their 2021 federal income tax return are not required to add back any of the portion of the federal refund attributable to the refundable portion of the federal Child and Dependent Care Credit.

Line 32

The qualified business income deduction has increased from 50% to 75% of the federal deduction.

Line 33

The DPAD 199A(g) deduction has increased from 50% to 75% of the federal deduction.

Step 8

Line 37

Taxpayers who itemize their deductions are allowed a charitable mileage rate of 50 cents per mile beginning July 1, 2022, which is an increase from 39 cents per mile.

Step 9

Line 52

Taxpayers who wish to claim the Farm to Food Donation Tax Credit are no longer required to submit their authorized food donation receipts to the Department of Revenue by January 15 and receive a tax credit certificate prior to claiming the tax credit. Instead, taxpayers may make tax credit claims directly on their Iowa

tax return by using their authorized food donation receipts to complete the IA 178 Farm to Food Donation Tax Credit Form and including that IA 178 form with their Iowa tax return.

Step 10

Line 62

Report any Iowa Composite Credits reported on IA Schedule CC on this line. Include IA Schedule CC (41-178) with your return.

Track Your Return: Use *Where's My Refund* to check the status of individual income tax returns and amended individual income tax returns you've filed within the last year or over the phone at 515-281-3114 or 800-367-3388.

Conformity with The Internal Revenue Code (IRC)

For tax years beginning on or after January 1, 2020, Iowa has adopted rolling conformity, meaning the state will automatically conform with any changes made to the Internal Revenue Code (IRC), except as specified by Iowa law.

For the most part, the calculation of Iowa net income is still the same as the calculation for federal adjusted gross income (AGI). However, the calculation of Iowa net income will be different from the federal AGI calculation when it comes to certain items described later in these instructions, such as depreciation for certain assets placed in service before tax year 2021, section 179 special election deductions, and the business interest expense limitation.

Disclaimer: Please be advised that this is an informational document. It should not be relied upon or otherwise cited as precedent. This information is subject to change at any time. If a member of the public wishes to request a binding decision, he or she must file a Petition for Declaratory Order pursuant to Iowa Administrative Code rule 701—7.24.

Who Must File?

You must file an Iowa return if... you were a resident or part-year resident of Iowa in 2022 and meet any of the following requirements. Nonresidents, see items f. and g.

In meeting the filing requirements below, you must add back:

- the pension exclusion (line 21, IA 1040)
- the reportable Social Security amount from step 4, IA 1040
- any amount of lump sum distribution separately taxed on federal form 4972, and
- any net operating loss carryforward

Note to married couples:

Incomes of both spouses must be included when determining who must file.

a) You had a net income (line 26, IA 1040) of more than $9,000 and your filing status is single. ($24,000 if 65 or older on 12/31/22)
b) You had a net income (line 26, IA 1040) of more than $13,500 and your filing status is other than single. ($32,000 if you or your spouse is 65 or older on 12/31/22)
c) You were claimed as a dependent on another person’s Iowa return and had a net income (line 26, IA 1040) of $5,000 or more.
d) You were in the military service with Iowa shown as your legal residence even though stationed outside of Iowa unless you are below the income thresholds above. For information about military spouses, see Military Spouses Residency Relief Act.

e) You were subject to Iowa lump-sum tax.
f) You were a nonresident or part-year resident and your net income from Iowa sources [line 26, IA 126] was $1,000 or more, unless below the income thresholds above. In the case of married nonresidents, the spouses' combined income is used to determine if their income is high enough to require them to file an Iowa return. To understand "Iowa-source income," see the instructions for lines 1 through 26 of the IA 126.
g) You were a nonresident or part-year resident and subject to Iowa lump-sum tax or Iowa alternative minimum tax (even if Iowa-source income is less than $1,000).

Note: If you do not meet any of the above requirements but you had Iowa tax withheld and you wish to receive a refund, you must file an Iowa return.

Step 1

Before You Begin

Step: 1
Step Subject: Name and Address

Make sure you have received all W-2s, 1099s, and other tax documents needed to prepare your return.
Important: Enter your Social Security Number(s) in the appropriate boxes on the form. Otherwise, we may be unable to process your return.

The Iowa Department of Revenue may require proof of any item listed on a return or schedule.

Filing Period

If your filing period is other than calendar year 2022, enter the beginning and ending dates of your fiscal tax year on the line provided above the name and address boxes on the return.

Name and Mailing Address

Enter your name and current mailing address on the tax return. If using a foreign mailing address, in place of the domestic city, state, ZIP, include the foreign city, country, and postal code.

Provide the Department with your updated address if you move after your return is filed. Send an email to idrindividualtax@iowa.gov

Note: The email address entered will NOT be used to request or provide confidential information without your authorization.

If You or Your Spouse is 65 or Older on 12/31/22 - Check the box.

County

Enter the number of the county you lived in as of December 31, 2022. If you do not know your county number, view a list of districts by county and number.

- Nonresidents and part-year residents who moved out of Iowa before December 31, 2022, should enter "00" as your county number.
- Part-year residents who moved into Iowa should enter the number of the Iowa county in which you lived on December 31, 2022.
- Military personnel should enter the county number of their Iowa residence, even if the service member is not physically present in Iowa on the last day of the tax year.

School District Number

Enter the district in which you lived on December 31, 2022. View a list of districts by county and number. This is not necessarily the district where your children attended school. Even if you do not have children, you must enter this number.

Other possible resources to identify your school district information include:

- Your voter registration card
- Search “school surtax” from the Iowa Tax Mapper
- Your county assessor’s website

Nonresidents, Part-Year Residents, and Military Personnel

- Nonresidents: Those who did not live in Iowa at all during 2022 should enter "0000" for the school district number. You are not subject to school district surtax on line 54.
- Part-year residents who moved into Iowa should enter the Iowa school district in which you lived on the last day of 2022. You may be subject to school district surtax on line 54.
- Part-year residents who moved out of Iowa before December 31, 2022, should enter "9999." You are not subject to school district surtax on line 54.
- Military personnel should enter the school district number of their Iowa residence, even if the service member is not physically present in Iowa on the last day of the tax year. You may be subject to school district surtax on line 54.

Foreign Currency

Taxpayers who are paid in foreign currency must convert the currency to U.S. dollars as required for federal tax purposes.

Rounding to Whole Dollars

Use whole dollars to complete your return instead of dollars and cents. To round, drop amounts under 50 cents and increase amounts from 50 to 99 cents to the next dollar.

For example, $129.49 becomes $129 and $235.50 becomes $236.

If you need to add two or more amounts to enter on a line, add them together first, then round.

For example, if you received two W-2 forms, one showing wages of $5,000.55 and the other for $18,500.73, add them for a total of $23,501.28. The amount you enter on line 1 of the IA 1040 would be $23,501.

Step 2

Filing Status

Step: 2
Step Subject: Filing Status

Your filing status on the Iowa return is usually the same filing status as on your federal return. However, married taxpayers have the option of either filing jointly (status 2), married filing separately on a combined return (status 3) or married filing separate returns (status 4) on the Iowa return, no matter how they filed on the federal return.

If you and your spouse both have income, you may owe less tax by filing status 3 or 4.

Status 1. Single

Check filing status 1 if you were unmarried, divorced, or legally separated on December 31, 2022, and do not meet the requirements for any other filing status. All single filers must answer the question, "Were you claimed as a dependent on another person's Iowa return?"

If this question is not answered, you will be taxed as a dependent.

Status 2. Married Filing Joint Return

Check filing status 2 if you are married and want to report your income, deductions, and exemptions together in one column. Both spouses must sign the return.

Married taxpayers filing a joint return

Both spouses are jointly and severally liable for the total tax due on the return, except when one spouse is eligible for relief from joint and several liability under criteria established pursuant to section 6015 of the Internal Revenue Code.

Please note:

a) You must have been married on December 31, 2022, or
b) If your spouse died during 2022 and you did not remarry during the year, you may file status 2, 3, or 4.

Nonresidents and Part-Year Residents of Iowa - Married taxpayers may file using status 2, 3, or 4 for their Iowa return even if only one spouse had income from Iowa sources.

Spouse with debts - If a spouse has outstanding debts that may be automatically paid (offset) with your refund, be sure to read our Refunds May Be Used to Pay Debt information.

Status 3. Married Filing Separately on Combined Return

Check filing status 3 if you are married and want to file separately on one return. If you receive a refund, it will be made payable to both spouses. Both spouses must sign the return.

Married taxpayers filing separately on a combined return

Both spouses are jointly and severally liable for the total tax due on the return, except when one spouse is eligible for relief from joint and several liability under criteria established pursuant to section 6015 of the Internal Revenue Code.

Spouse with debts

If your spouse has outstanding debt that may be automatically paid (offset) with your refund, be sure to read our Refunds May Be Used to Pay Debt information.

Taxpayers using filing status 3 or 4 may have to prorate (divide) certain items between them on the return. These items include federal income tax refunds, additional federal income tax paid, etc. This information is included with instructions for most lines of the return.

Nonresidents and Part-Year Residents of Iowa - Married taxpayers may file using status 2, 3, or 4 for their Iowa return even if only one spouse had income from Iowa sources.

Status 4. Married Filing Separate Returns

Check filing status 4 if you and your spouse file separate tax returns. Write your spouse's Social Security Number, name, and net income in the spaces provided at the top of the return in Step 2. The processing of refunds, alternate tax calculations, or low income exemptions will be delayed without this information or supporting schedules.

Taxpayers using filing status 3 or 4 may have to prorate (divide) certain items between them on the return. These items include federal income tax refunds, additional federal income tax paid, etc. This information is included with instructions for each line of the return.

Nonresidents and Part-Year Residents of Iowa - Married taxpayers may file using status 2, 3, or 4 for their Iowa return even if only one spouse had income from Iowa sources.

Married Separate Filers:

Married taxpayers filing married filing status 3 or 4 must use the combined income of both spouses in determining eligibility for exemption from tax.

If either spouse has a net operating loss that is carried back or forward, then the other spouse cannot use the low income exemption. If the spouse with the net operating loss chooses not to carry the loss back or forward, then the other can claim the low income exemption. A statement must be attached to the return saying that the spouse with the net operating loss will not carry it back or forward.

If one spouse itemizes deductions, then both spouses must itemize deductions, even if separate Iowa returns are filed.

Status 5. Head of Household

Check filing status 5 if you are filing as head of household for federal income tax purposes. If you have a qualifying person (as defined by the Internal Revenue Service) living with you who you did not claim as a dependent on this return, enter the person's name and Social Security Number. If you are filing as a qualifying widow(er) with a dependent child for federal income tax purposes, you cannot file as head of household on your Iowa return.

Status 6. Qualifying Widow(er) with Dependent Child

Check filing status 6 if you meet the federal filing requirements for qualifying widow(er).

Step 3

Exemption Credits

Step: 3
Step Subject: Exemption Credits

YOU (and spouse if filing status 2)

a. Personal Credit

If you are filing single (status 1) or married filing separately on a combined return (status 3) or married filing separate returns (status 4) or qualifying widow(er) (status 6), enter 1 in the Personal Credit space.

If you are filing married filing joint (status 2) or head of household (status 5), you are eligible for an extra credit and should enter 2 in the Personal Credit space.

Add the number of personal credits and multiply by $40. Enter this amount on the $ line.

Note to dependents filing their own returns:

You may claim a $40 personal exemption credit even if you are claimed as a dependent on another person's Iowa return.

b. Additional Personal Credit: 65 or older or blind

If you were 65 or older on or before January 1, 2023, you may take an additional personal credit.

If your spouse was 65 or older on or before January 1, 2023, and you are filing a joint return (status 2), you may take an additional personal credit for your spouse.

If you were blind on December 31, 2022, you may take an additional personal credit.

If your spouse was blind on December 31, 2022, and you are filing a joint return (status 2), you may take an additional personal credit for your spouse.

Add the number of credits for 65 or older and blind and multiply by $20. Enter this amount on the $ line.

c. Dependents: Consult IRS Publication 17 to learn who qualifies as a dependent.

Enter the number of dependent children and other dependents you are claiming for federal income tax purposes. Add the number of dependent credits and multiply by $40. Enter this amount on the $ line.

Federal tax law determines whether or not a person is a dependent. Consult IRS Publication 17 to learn who qualifies as a dependent. The IRS has guidelines that also determine which parent/guardian can claim a dependent when separate returns are filed (such as in the case of divorced parents). The Iowa tax law follows federal guidelines.

d. Dependent Name(s)

Enter the first name(s) of the claimed dependents. Also enter their last name(s) if different than yours.

e. Total

Add the dollar amounts and enter on the TOTAL line and on line 43, column A.

SPOUSE (Complete only if married filing separately on a combined return, filing status 3.)

a. Personal Credit

Enter 1 in the first space and multiply by $40. Enter $40 on the $ line.

b. Additional Personal Credit: 65 or older and / or blind

If your spouse was 65 or older on or before January 1, 2023, your spouse may take an additional personal credit.

If your spouse was blind on or before December 31, 2022, your spouse may take an additional personal credit.

Add the number of credits for 65 or older and blind and multiply by $20. Enter this amount on the $ line.

c. Dependents

Enter the number of dependent children and other dependents the spouse is claiming for federal income tax purposes. Add the number of dependent credits and multiply by $40. Enter this amount on the $ line.

Federal tax law determines whether or not a person is a dependent. Consult IRS Publication 17 to learn who qualifies as a dependent. The IRS has guidelines that also determine which parent/guardian can claim a dependent when separate returns are filed (such as in the case of divorced parents). The tax law follows federal guidelines.

d. Dependent Name(s)

Enter the first name(s) of the claimed dependents. Also enter their last name(s) if different than yours.

e. Total

Add the dollar amounts and enter on the TOTAL line and on line 43, column B.

Married Separate Filers:

You may divide the number of dependents you claim between you and your spouse. However, you may not divide any one dependent between spouses. Each spouse must claim their own exemption credits and may not claim any unused part of their spouse's credit.

Step 4

Reportable Social Security Benefits

Step: 4
Step Subject: Reportable Social Security Benefits

Iowa does not tax Social Security benefits. While Social Security benefits are excluded from income when computing tax, some Social Security benefits are included as income in determining whether a taxpayer has sufficient income to file an Iowa return, and are included as income for purposes of computing the alternate tax on line 39. NOTE: This also affects you if you are single and use the Tax Reduction Worksheet. The reportable Social Security benefit is calculated using the worksheet below and entered on Step 4 of the IA1040.

1. Enter the amount from Box 5 of form(s) SSA-1099. If you filed a joint federal return, enter the totals for both spouses. Do not include Railroad Retirement benefits from form RRB-1099 here.	1.	
2. Enter one-half of line 1 amount	2.	
3. Add amounts from the federal form 1040 on lines 1, 2b, 3b, 4b, 5b, 7 and 8	3.	
4. Add one-half of Railroad Retirement Net Social Security Equivalent benefits from Box 5 of RRB-1099*	4.	
5. Add any depreciation and section 179 adjustment from IA 1040 line 14 and all other Iowa nonconformity adjustments to compute correct amount	5.	
6. Enter the amount from your federal 1040, line 2a	6.	
7. Add lines 2 through 6	7.	
8. Enter total adjustments from federal form 1040, Schedule 1, lines 11 through 20, line 23, plus the total other adjustments reported on line 26	8.	
9. Subtract line 8 from line 7	9.	
10. Enter one of the following amounts based on the federal filing status used on form 1040 • Single, head of household, qualifying widow(er): enter $25,000 • Married filing joint: enter $32,000 • Married filing separate: enter -0- if you lived with your spouse at any time in 2022 or $25,000 if you did not live with your spouse at any time in 2022	10.	
11. Subtract line 10 from line 9. If zero or less, enter -0- If line 11 is zero, stop here. None of the Social Security benefits are reportable. If line 11 is more than zero, go to line 12	11.	
12. Enter one-half of line 11	12.	
13. Iowa Reportable Social Security benefits: Enter the smaller of line 2 or line 12 and enter on IA 1040, step 4	13.	

* Notes: Depreciation / Section 179 / and All Other Iowa Net Income Decoupling

Iowa taxpayers who received Social Security benefits in 2022 and claimed depreciation / section 179 on their federal returns or have other Iowa net income nonconformity may have to recompute their reportable benefits on the worksheet. For other Iowa nonconformity adjustments see line 14 and IA Schedule A.

Those who need to recompute the reportable Social Security benefits should add the adjustment from line 5 of Schedule IA 4562A and all other Iowa net income nonconformity to the other amounts shown on line 5 of the Social Security Worksheet from the federal return and the RRB-1099. The rest of the form is then completed with the amounts normally used to complete the worksheet from the federal 1040.

Include the following incomes or adjustments to income on line 5 if applicable.

(These were excluded from federal AGI):

- foreign-earned income
- income excluded by residents of Puerto Rico or American Samoa
- proceeds from Savings Bonds used for higher education and
- employer-provided adoption benefits.

Railroad Retirement Benefits

Although Railroad Retirement benefits are not taxable, one-half of the Net Social Security Equivalent Benefits from Box 5 of the RRB-1099 received must be used to determine the amount of Social Security benefits that are reportable to Iowa.

Interest from Federal Securities

For purposes of determining reportable Social Security benefits, you must also include interest from federal securities.

Married Separate Filers:

a. If both spouses received Social Security benefits, the reportable amount is allocated between the spouses in the ratio of the benefits received by one spouse to the total benefits received. (Examples of how to prorate)
b. If only one spouse received benefits, that spouse will report the calculated portion of the benefits.

Step 5

Wages, Salaries, Tips, etc.

Line: 1
Step: 5
Step Subject: Gross Income

Filing Status 3

If using filing status 3 (married filing separately on a combined return), complete both columns A and B of the IA 1040.

All Other Statuses

All other filing statuses complete only column A (you or joint).

All Taxpayers

All taxpayers, including nonresidents, must report income from all sources (unless specifically exempt, such as interest from federal securities) for the entire year in this section.

Nonresidents and Part-Year Residents

Nonresidents and part-year residents must also complete Iowa Schedule **IA 126**. Report only Iowa-source income on the Schedule **IA 126**, lines 1-26. This schedule will result in a credit for the amount of tax based on income earned outside of Iowa.

1. WAGES, SALARIES, TIPS, ETC.

Report the same W-2 income as shown on your federal income tax return, including military income. See **line 24** for allowable military adjustments.

Nonresident Servicemember

As a result of federal legislation, certain nonresident servicemembers do not include compensation for military service on line 1 of the IA 1040 (nor is it reported on the IA 126). In general, this applies to active duty military and does not include the National Guard or reserve personnel.

Military Spouses

See **Tax Responsibilities of Servicemembers and their Spouses**

Married Separate Filers:

W-2 income is reported by the spouse earning the income.

Taxable Interest Income

Line: 2
Step: 5
Step Subject: Gross Income

Include the same amounts of interest income reported on your federal return with the following modifications. Include a copy of your Iowa Schedule B if total Iowa taxable interest is more than $1,500.

The following lists are taken from Iowa Administrative Code rules 701—40.2 and 701—40.3.

A. Add interest from all state and municipal securities that you own. Also include interest from state and municipal securities you receive from any trust or mutual fund.

However, interest from certain Iowa state and municipal securities is exempt from Iowa tax and should not be included on this line.

The following securities are exempt:

- Aviation Authority Bonds, Iowa Code section 330A.16
- Beginning Farmer Loan Program Bonds, Iowa Code section 175.17(10)
- Community College Bond Program Bonds, Iowa Code section 260C.71(6)
- Community College Residence Halls and Dormitories Bonds, Iowa Code section 260C.61
- County Health Center Bonds, Iowa Code section 331.441(2)"C"(7)
- E911 Emergency Telephone Service Program Bonds, Iowa Code section 34A.20(6)
- Interstate Bridges Bonds, Iowa Code section 313A.36

- Iowa Board of Regents Bonds for buildings and facilities, Iowa Code chapters 262.41, 262.51, 262.60 and 262A.8
- Iowa Higher Education Loan Authority, Iowa Code section 261A.27
- Iowa Municipality Urban Renewal Bonds, Iowa Code section 403.9(2)
- Iowa Rural Water District Revenue Bonds and notes, Iowa Code section 357A.15
- Low Income Housing Bonds, Iowa Code section 403A.12
- Prison Infrastructure Revenue Bonds, Iowa Code section 16.177(8)
- Regents Institutions Medical and Hospital Buildings at University of Iowa Bonds, Iowa Code section 263A.6
- Soil Conservation Districts Revenue Bonds, Iowa Code section 161A.22
- Quad Cities Interstate Metropolitan Authority Bonds, Iowa Code section 28A.24
- Sewage Treatment Works Revenue Bonds, Iowa Code section 16.131(6)
- Underground Storage Tank Fund Revenue Bonds, Iowa Code section 455G.6(14)
- Vision Iowa Program, Iowa Code section 12.71
- Iowa Utilities Board and Consumer Advocate Building Bonds, Iowa Code section 12.91(9)
- School Infrastructure Program Bonds, Iowa Code section 12.81(8)
- Appropriation Bonds, Iowa Code section 12.87(8)

B. Deduct interest received from Federal securities (for example U.S. Savings Bonds, U.S. Treasury Notes).

Do not subtract interest from repurchase agreements of U.S. Government securities. The following list contains widely held United States Government obligations, but is not intended to be all-inclusive.

The following are exempt:

a. United States Government obligations: United States Treasury - Principal and interest from bills, bonds, and notes issued by the United States Treasury exempt under 31 USCS section 3124[a].
    1. Series E, EE, F, G, H and I bonds
    2. United States Treasury bills
    3. U.S. Government certificates
    4. U.S. Government bonds
    5. U.S. Government notes
b. Territorial obligations:
    1. Guam - Principal and interest from bonds issued by the Government of Guam (48 USCS section 1423[a]).
    2. Puerto Rico - Principal and interest from bonds issued by the Government of Puerto Rico (48 USCS section 745).
    3. Virgin Islands - Principal and interest from bonds issued by the Government of the Virgin Islands (48 USCS section 1403).
    4. Northern Mariana Islands - Principal and interest from bonds issued by the Government of the Northern Mariana Islands (48 USCS section 1681(c)).
c. Federal agency obligations:
    1. Commodity Credit Corporation - Principal and interest from bonds, notes, debentures, and other similar obligations issued by the Commodity Credit Corporation (15 USCS section 713a–5).
    2. Banks for Cooperatives - Principal and interest from notes, debentures, and other obligations issued by Banks for Cooperatives (12 USCS section 2134).

3. Farm Credit Banks - Principal and interest from systemwide bonds, notes, debentures, and other obligations issued jointly and severally by Banks of the Federal Farm Credit System (12 USCS section 2023).
4. Federal Land Bank Association - Principal and interest from bonds, notes, debentures, and other obligations issued by the Federal Land Bank Association (12 USCS section 2098).
5. Financial Assistance Corporation - Principal and interest from notes, bonds, debentures, and other obligations issued by the Financial Assistance Corporation (12 USCS section 2278b–10[b]).
6. Production Credit Association - Principal and interest from notes, debentures, and other obligations issued by the Production Credit Association (12 USCS section 2077).
7. Federal Deposit Insurance Corporation (FDIC) Principal and interest from notes, bonds, debentures, and other such obligations issued by the Federal Deposit Insurance Corporation (12 USCS section 1825).
8. Federal Financing Bank - Interest from obligations issued by the Federal Financing Bank. Considered to be United States Government obligations (12 USCS section 2288, 31 USCS section 3124[a]).
9. Federal Home Loan Bank - Principal and interest from notes, bonds, debentures, and other such obligations issued by any Federal Home Loan Bank and consolidated Federal Home Loan Bank bonds and debentures (12 USCS section 1433).
10. Federal Financing Corporation - Principal and interest from notes, bonds, debentures, and other such obligations issued by the Federal Financing Corporation (12 USCS section 2288(b)).
11. Financing Corporation (FICO) - Principal and interest from any obligation of the Financing Corporation (12 USCS Sections 1441[e][7] and 1433).
12. General Services Administration (GSA) - Principal and interest from General Services Administration participation certificates. Considered to be United States Government obligations (31 USCS section 3124[a]).
13. Housing and Urban Development (HUD). Principal and interest from War Housing Insurance debentures (12 USCS section 1739[d]).
    - Principal and interest from Rental Housing Insurance debentures (12 USCS section 1747g[g]).
    - Principal and interest from Armed Services Mortgage Insurance debentures (12 USCS section 1748b[f])
    - Principal and interest from National Defense Housing Insurance debentures (12 USCS section 1750c[d]).
    - Principal and interest from Mutual Mortgage Insurance Fund debentures (12 USCS section 1710[d]).
14. National Credit Union Administration Central Liquidity Facility - Income from notes, bonds, debentures, and other obligations issued on behalf of the National Credit Union Administration Central Liquidity Facility (12 USCS section 1795k[b]).
15. Resolution Funding Corporation - Principal and interest from obligations issued by the Resolution Funding Corporation (12 USCS Sections 1441[f][7] and 1433).
16. Student Loan Marketing Association (Sallie Mae) - Principal and interest from obligations issued by the Student Loan Marketing Association. Considered to be United States Government obligations (20 USCS section 1087–2[1], 31 USCS section 3124[a]).
17. Tennessee Valley Authority - Principal and interest from bonds issued by the Tennessee Valley Authority (16 USCS section 831n–4[d]).
18. United States Postal Service - Principal and interest from obligations issued by the United States Postal Service (39 USCS section 2005[d][4]).

19. Certificates on Government Receipts.

The following are not considered federal securities and are taxable:

Federal Agency Obligations:

- Building and Loan Associations
- Credit Unions, federal or state
- Export-Import Bank of the United States
- Federal Agricultural Mortgage Corporation (Farmer Mac)
- Federal Home Loan Mortgage Corporation (Freddie Mac) Securities
- Federal Housing Administration
- Federal income tax refunds, interest
- Federal National Mortgage Association
- Federal National Mortgage Association (Fannie Mae) Securities
- Government National Mortgage Association (Ginnie Mae) Securities
- Merchant Marine (Maritime Administration)
- Money Market Certificates
- Mortgage Participation Certificates
- Savings and Loan Associations, federal or state
- Small Business Administration

Obligations of International Institutions:

- Asian Development Bank
- Inter-American Development Bank
- International Bank for Reconstruction and Development (World Bank)

Other Obligations:

- Washington D.C. Metro Area Transit Authority

Married Separate Filers:

Divide interest income based on ownership of the account or certificate.

a. Jointly held: Divide equally between spouses.
b. Held in the name of only one spouse: Allocate interest wholly to that spouse.

Ordinary Dividend Income

Line: 3
Step: 5
Step Subject: Gross Income

Include a copy of your federal or Iowa Schedule B if your Iowa taxable dividends are more than $1,500. Report the same ordinary dividends as you reported on line 3b of your federal return with the following modifications:

a. Add all dividends from mutual funds, investment trusts, or regulated investment companies investing in state and municipal bonds.
b. Deduct that portion of any net dividends from a mutual fund, investment trust, or regulated investment company that is attributable to direct federal securities. You cannot take this deduction unless you are provided a statement from the fund giving the percentage of net dividends attributable

to direct federal securities. If a return is filed on paper, a copy of the statement must be included with the return to take this deduction.

Interest income from repurchase agreements involving federal securities cannot be deducted.

Married Separate Filers:

Divide dividends based on registered ownership of stock.

a. Jointly held: Divide equally.
b. Held in the name of only one spouse: Allocate dividends wholly to that spouse.

Alimony Received

Line: 4
Step: 5
Step Subject: Gross Income

Include the same alimony as shown on your federal return.

Married Separate Filers:

Reported by the spouse who received the alimony.

Business Income / (Loss)

Line: 5
Step: 5
Step Subject: Gross Income

Report the net business income or loss from federal Schedule C. Include a copy of the federal schedule.

The IA 4562A&B may need to be completed if the taxpayer claimed depreciation or section 179 deductions on the federal return.

Taxpayers who had to make adjustments for Iowa's nonconformity to federal law in 2018 or 2019 may need to complete form IA 101 in 2020 and later years. See the IA 101 Nonconformity Adjustments form for more information.

For tax year 2020 and later, Iowa is not conformed to the business interest expense limitation in IRC section 163(j) See the IA 163 for more information.

If one spouse has a loss, the couple may want to determine if filing status 2 is to their advantage.

Schedule C filers may need an Iowa Sales and Use Tax Permit. Businesses selling tangible personal property performing taxable services, or selling specified digital products must have a permit to properly charge, collect, and remit sales tax.

The Iowa Department of Revenue may require proof of any item listed on a return or schedule.

Military Spouses

See Tax Responsibilities of Servicemembers and Their Spouses

Married Separate Filers:

Reported by the spouse deriving the income or loss.

Capital Gain / (Loss)

Line: 6
Step: 5
Step Subject: Gross Income

Enter 100% of any capital gain or loss as reported on federal form 1040, line 7.

A copy of your federal Schedule D and federal form 8949 (if applicable) must be included with this return if required for federal purposes.

Iowa tax law follows the federal guidelines on the exclusion of gain on the sale of a principal residence.

Married Separate Filers:

Taxpayers who filed separate federal returns should report capital gain or loss as reported for federal tax purposes.

If a joint federal return was filed, each spouse must report capital gain on the basis of ownership of the property sold or exchanged. The combined net capital gain or loss must be the same as reported on the joint federal return.

If a joint federal return was filed and both spouses have capital losses, each spouse may claim up to a $1,500 capital loss plus any unused portion of their spouse's $1,500 loss limitation. If both spouses are reporting capital losses, the sum of both spouses' losses may not exceed $3,000.

Capital Gain Deduction

Do not take the capital gain deduction on this line. Qualified taxpayers will take the capital gain deduction on IA 1040, line 23. For more information regarding the Iowa capital gain deduction, see IA 100A - IA 100F Capital Gain Deduction Information and Links to Forms & Instructions (41-161).

Other Gains / (Losses)

Line: 7
Step: 5
Step Subject: Gross Income

If you sold or exchanged assets used in a trade or business and completed federal form 4797, enter 100% of the gain or loss as shown on federal form 1040, schedule 1, line 4. Include a copy of federal form 4797.

Married Separate Filers:

Divide gains or losses based on ownership of the asset sold or exchanged.

Taxable IRA Distributions

Line: 8
Step: 5
Step Subject: Gross Income

Enter the amount of taxable IRA distributions as shown on your federal return.

Pension / Retirement Income Exclusion

Do not take the pension / retirement income exclusion on this line. Qualified taxpayers will take the pension / retirement income exclusion on the IA 1040 line 21.

Married Separate Filers:

Taxable IRA distributions should be reported by the spouse whose name is on the account.

Taxable Pensions AND Annuities

Line: 9
Step: 5
Step Subject: Gross Income

The amounts of pensions and annuities taxable for Iowa purposes are generally the same as are taxable for federal purposes, with the following exceptions.

Military Retirement Pay

Retirement pay for military service in the United States Armed Forces, the Armed Forces Military Reserve, or the National Guard is eligible for exemption from Iowa income tax and is not included on line 9, without regard for age or disability.

The Army, Navy, Air Force, Marine Corps, and Coast Guard make up the Armed Forces. Only military retirement pay received from the Defense Finance and Accounting Service (DFAS), or a similar source, is eligible for the exemption.

Retirement pay received from other sources, including the Office of Personnel Management (OPM), does not qualify for the exemption. In particular, retirement pay resulting from participation in the Civil Service Retirement System (CSRS) or the Federal Employees Retirement System (FERS) does not qualify for the exemption.

For more details, see Iowa Administrative Code rule 701—302.80

State or Local Government Employee

If you are a state or local government employee who retired after December 31, 1994, your taxable pensions and annuities on your Iowa return may be different than on your federal return. In these cases, see the 1099-R issued by Iowa Public Employees Retirement System (IPERS), for the taxable amount.

Railroad Retirement Benefits

Railroad Retirement benefits paid by the Railroad Retirement Board are not taxable on the Iowa return. These benefits should not be included on this line.

Pension / Retirement Income Exclusion

Do not take the pension / retirement exclusion on this line. Qualified taxpayers will take the pension / retirement income exclusion on IA 1040 line 21.

Married Separate Filers:

The taxable portion of pensions and annuities is reported by the spouse who received the income.

Rents, Royalties, Partnerships, Estates, etc.

Line: 10
Step: 5
Step Subject: Gross Income

Report the income or loss from federal Schedule E. Any modifications to federal partnership income and / or S corporation income should be shown on IA 1040 line 14 or line 24. Report modifications that increased the income on line 14. Report modifications that decreased the income on line 24. Include a copy of federal Schedule E.

The IA 4562A&B may need to be completed if the taxpayer claimed or received federal depreciation or section 179 deductions.

Taxpayers who had to make adjustments for Iowa's nonconformity to federal law in 2018 or 2019 may need to complete form IA 101 in 2020 and later years. See the IA 101 Nonconformity Adjustments form for more information.

For tax year 2020 and later, Iowa is not conformed to the business interest expense limitation in IRC section 163(j). See the IA 163 for more information.

The Iowa Department of Revenue may require proof of any item listed on a return or schedule.

Married Separate Filers:

Divide income or loss from Schedule E based upon ownership of the assets or business interest producing the income or loss, or the individual named as beneficiary.

Farm Income / (Loss)

Line: 11
Step: 5
Step Subject: Gross Income

Enter the income or loss from federal Schedule F. Include a copy of federal Schedule F. The IA 4562A&B may need to be completed if the taxpayer claimed depreciation or section 179 deductions on the federal return.

Taxpayers who had to make adjustments for Iowa's nonconformity to federal law in 2018 and 2019 may need to complete form IA 101 in 2020 and later years. See the IA 101 Nonconformity Adjustments form for more information. For tax year 2020 and later, Iowa is not conformed to the business interest expense limitation in IRC section 163(j). See the IA 163 for more information.

The Iowa Department of Revenue may require proof of any item listed on a return or schedule.

Married Separate Filers:

Farm income must be reported by the spouse who claims it for self-employment tax purposes on the federal Schedule SE. If the other spouse claims a share of the farm income, then that spouse must attach a worksheet showing how that share was determined based on capital contribution, management and control, and services rendered.

Unemployment Compensation

Line: 12
Step: 5
Step Subject: Gross Income

Enter the amount of unemployment compensation benefits reported on federal 1040, Schedule 1, line 7. Do not include unemployment compensation and sickness insurance benefits paid by the Railroad Retirement Board.

Married Separate Filers:

If both spouses received unemployment benefits, each of the spouses should report the benefits received as shown on the 1099-G(s) for each spouse.

Gambling Winnings

Line: 13
Step: 5
Step Subject: Gross Income

You must report the same amount of gambling winnings as reported on the federal 1040, Schedule 1, line 8b. Report any Iowa tax withheld on IA 1040, line 63. Gambling losses may be reported as an itemized deduction on Schedule A, but you cannot deduct more than the winnings you report.

Gambling losses: Gambling losses are deductible on IA 1040, Schedule A, line 25, only to the extent of gambling winnings reported on IA 1040, line 13.

Married Separate Filers:

The spouse to whom the income was paid must report that income.

Other Income, Bonus Depreciation / Section 179 Adjustment

Line: 14
Step: 5
Step Subject: Gross Income

Enter taxable income not reported on lines 1-13. Include an explanation of the type of income.

Examples of income to be reported on line 14 include:

A. Babysitting income not reported on federal Schedule C.

B. **NONCONFORMITY ADJUSTMENT:** Expensing and depreciation adjustment from the IA 4562A and the IA 4562B; include the IA 4562A and the IA 4562B with your return.

C. Capital gain from installment sales from sales in prior tax years: Accrual-method taxpayers may use the installment method for reporting capital gain on their Iowa returns.

D. College Savings Iowa or Iowa Advisor 529 Plans: Amounts received from the cancellation of a participation agreement or other non-qualifying withdrawals to the extent the amount was previously deducted on the IA 1040. Qualifying withdrawals may include up to $10,000 per beneficiary per year for tuition expenses of attending an accredited elementary or secondary (K-12) school in Iowa or an out-of-state elementary or secondary school that educates a beneficiary who is a child “requiring special education” under Iowa Code section 256B.2. The $10,000 per-beneficiary cap applies even if

the beneficiary receives money from multiple College Savings Iowa or Iowa Advisor 529 Plan accounts. The $10,000 annual cap does not apply to withdrawals used to pay qualified education expenses related to higher education. For tax years beginning on or after January 1, 2019, qualifying withdrawals include withdrawals for certain expenses related to participation in an apprenticeship program and withdrawals, up to $10,000, used to pay either principal or interest on a qualified education loan on behalf of a beneficiary or a beneficiary's sibling. If you withdrew funds from a 529 Plan to pay qualified higher education expenses and you received a refund of those funds, the refund amount is considered a qualifying withdrawal if it is recontributed to the same Iowa 529 Plan account from which it was withdrawn within sixty (60) of the date of the refund. To be a qualifying withdrawal, the recontribution amount cannot exceed the amount of the refund from the qualifying higher education institution.

E. Director's fees.

F. Drilling: Intangible drilling costs that were reported on federal form 6251.

G. Executor's fees.

H. First-time homebuyers account non-qualifying withdrawals. Non-qualifying withdrawals from your Iowa First-time Homebuyer Savings Account that were previously deducted on the IA 1040 must be added back on this line, along with any applicable penalty. Non-qualified withdrawals required to be added back here are assessed a penalty equal to 10% of the amount of the withdrawal, unless the non-qualifying withdrawal was made by reason of the death of the account holder or certain other circumstances. If an account holder makes a non-qualifying withdrawal, they are not permitted to claim a deduction for any future contribution to any First-time Homebuyer Savings Account. All withdrawals (qualifying and non-qualifying) from your First-time Homebuyer Savings Account must be reported to the Department on the Iowa First-time Homebuyer Savings Account Withdrawal Form within 90 days of the date of withdrawal.

I. Partnership income and / or S corporation income: Modifications that increase the income reported on IA 1040, line 10.

J. Refundable Iowa tax credits received in the current tax year which were included as income on the federal 1040 must be added back.

K. Refunds: State income tax refunds other than Iowa to the extent that the tax refunded in the current tax year was deducted on a prior Iowa return.

L. Wells: Percentage depletion from an oil, gas, or geothermal well that was reported on federal form 6251.

M. Other income as reported on the federal form 1040, Schedule 1, line 8. Enter taxable income not reported on lines 1-13. Do not include any federal net operating loss adjustment.

N. Net Premium Tax Credit / Health Coverage Tax Credit: The Net Premium Tax Credit from the 2020 federal 1040, Schedule 3, line 9 and the Health Coverage Tax Credit from the 2021 federal 1040, Schedule 3, line 13 will be reported as Other Income on the 2022 IA 1040, line 14. The Net Premium Tax Credit and the Health Coverage Tax Credit are reportable income to the extent these credits were a reimbursement for health insurance premiums deducted from Iowa income in a prior year.
The Iowa 1040 departs from the federal 1040 in the treatment of health insurance premiums by allowing taxpayers to elect to deduct qualifying health insurance premiums as an adjustment to Iowa gross income. The Iowa return allows a deduction for health insurance premiums on IA 1040, line 18, rather than reporting those same premiums as a medical expense deduction on the IA 1040 Schedule A for Iowa Itemized Deductions.

If the deduction is taken on the IA 1040 Schedule A, then the federal tax guidance should be followed when addressing the complications due to the impact of the Federal Excess Advance Premium Tax Credit repayment, the Net Premium Tax Credit, and the Health Coverage Tax Credit.
However, if the deduction is taken on IA 1040, line 18, then the IA 1040, rather than the Iowa Schedule A, must reflect the impact of the Federal Excess Advance Premium Tax Credit repayment, the Net Premium Tax Credit, and the Health Coverage Tax Credit. The Iowa expanded instructions for this line and IA 1040, line 18 set forth the Department's guidance for the correct reporting of these amounts.

O. Iowa ABLE Savings Plan. Amounts received from cancellation of accounts or other non-qualifying withdrawal to the extent the amount was previously deducted on the IA 1040

X. Other nonconformity adjustments. See IA 101 Nonconformity Adjustments Schedule. Include the IA 101 with your return.

Y. Any adjustment from IA 163 Interest Expense Adjustment resulting in a reduction to income. Include IA 163 with your return.

Z. RESERVED FOR FUTURE USE

AA. Subtract to the extent included, up to $1,000, the amount of:

1. Premium pay received by a certified peace officer who was designated by the governor of the State of Iowa as an eligible worker.
2. Premium pay received by a correctional officer or medical staff member at a correctional facility who was designated by the governor of the State of Iowa as an eligible worker.
3. Premium pay received by a teacher employed by an independently accredited school or a teacher employed by the State of Iowa who was designated by the governor as an eligible worker.
4. Teacher retention payment received by a teacher that was funded from moneys received by the State of Iowa from the elementary and secondary school emergency relief fund pursuant to the federal Coronavirus Response and Relief Appropriations Act or the American Rescue Plan Act of 2021.
5. Teacher retention payment received by a teacher employed by a private school or specially accredited school, that was funded from the private sector worker premium pay program administered by the department of education that was funded from the State of Iowa moneys.
6. Recruitment and retention bonus received by a child care worker through the recruitment and retention bonus program administered by the department of human services.

If you have questions about the eligibility of payments you received under the above listed programs please contact your employer's human resource department.

Married Separate Filers:

The spouse to whom the income was paid must report that income.

Modifications to partnership and S corporation income are allocated between spouses in the same manner as that income was divided on IA 1040, line 10.

Gross Income

Line: 15
Step: 5
Step Subject: Gross Income

Add lines 1 through 14 and enter the total.

Step 6

Payments to an IRA, KEOGH, or SEP

Line: 16
Step: 6
Step Subject: Adjustments to Income

All Taxpayers

All taxpayers report adjustments from all sources in this section.

Enter the amount claimed on your federal tax return for payments made to your IRA, Keogh Plan, SEP, SIMPLE, or Qualified Plans.

Nonresidents and Part-Year Residents

Nonresidents and part-year residents must also report Iowa-source adjustments to income on Schedule IA 126, lines 16-24.

Enter the amount claimed on your federal tax return for payments made to your IRA, Keogh Plan, SEP, SIMPLE, or Qualified Plans.

Roth IRA

Payments made to a Roth IRA are not deductible.

Married Separate Filers:

a. If only one spouse has earned income, that individual can contribute up to $6,000 per year ($7,000 if 50 or older) to an IRA account of the nonworking spouse and up to $6,000 per year ($7,000 if 50 or older) to an IRA account of the individual.
   When claiming the deduction between spouses, the working spouse will usually claim all of the deduction, not to exceed the federal limits for both spouses. However, if the nonworking spouse has any earned income, then the nonworking spouse must claim the deduction to the extent of their earned income. The working spouse will then claim the balance of the IRA contribution of both spouses.
b. If both spouses earned income and made contributions to an IRA account, each spouse must claim their own contribution, not to exceed $6,000 per spouse ($7,000 if 50 or older).
c. If both spouses made contributions to an IRA but only a portion of the contribution is deductible on the federal return, the amount of the IRA deduction that is allowed for federal income tax purposes must be allocated between the spouses in the ratio of the IRA contribution made by each spouse to the total IRA contribution made by both spouses.
d. For Keogh Plans, SEPs, SIMPLE, or Qualified Plans, each spouse must claim their individual contributions.

Deductible Part of Self-Employment Tax

Line: 17
Step: 6
Step Subject: Adjustments to Income

Enter the amount of self-employment tax that was deductible on your federal 1040, Schedule 1, line 15 in computing federal adjusted gross income.

Married Separate Filers:

The deduction is allocated in the ratio of self-employment tax paid by each spouse to the total self-employment tax paid.

Health Insurance Premium

Line: 18
Step: 6
Step Subject: Adjustments to Income

You may take a deduction for certain health insurance premiums on line 18 instead of IA 1040, Schedule A. Your IA 1040, Schedule A cannot contain any health insurance premiums which are used as a deduction on line 18. Typically, employer health insurance premiums are made on a pre-tax basis when they are deducted from wages. These premiums are not eligible to be claimed on line 18 or IA 1040, Schedule A.

Enter 100% of the amount paid for:

- health insurance premiums paid with post-tax dollars
- supplemental health insurance, such as:
    - Medicare B supplemental medical insurance
    - Medicare D voluntary prescription drug insurance
- dental insurance premiums paid with post-tax dollars
- long-term nursing home coverage premiums paid with post-tax dollars regardless of age

Do NOT include:

- “Medicare tax withheld” on your W-2
- premiums paid with pre-tax dollars
- premiums which are later reimbursed, in the same tax year

Federal Health Insurance Credits

Any Excess Advance Premium Tax Credit repayment from the 2021 federal form 1040, Schedule 2, line 2 will be entered on IA 1040, line 18 in the year paid. Any repayment calculated on your 2022 federal return cannot be included on the 2022 IA 1040, line 18.

The Net Premium Tax Credit from the 2022 federal form 1040, Schedule 3, line 8, and the Health Coverage Tax Credit from the 2022 federal form 1040, Schedule 3, line 12c will be reported as Other Income on the 2023 IA 1040. The federal Net Premium Tax Credit and the federal Health Coverage Tax Credit are reportable income to the extent these credits were a reimbursement for health insurance premiums deducted from Iowa income in a prior year.

The Iowa 1040 departs from the federal 1040 in the treatment of health insurance premiums by allowing taxpayers to elect to deduct qualifying health insurance premiums as an adjustment to Iowa gross income. The Iowa return allows a deduction for certain health insurance premiums on IA 1040, line 18, rather than reporting those same premiums as a medical expense deduction on the IA 1040 Schedule A for Iowa Itemized Deductions.

If the deduction is taken on the IA 1040 Schedule A, then the federal tax guidance should be followed when addressing the complications due to the impact of the Federal Excess Advance Premium Tax Credit repayment, the Net Premium Tax Credit, and the Health Coverage Tax Credit. The Iowa expanded instructions for this line and IA 1040, line 14 set forth the Department's guidance for the correct reporting of these amounts.

Premiums Paid with Pretax Dollars

This deduction is not available to individuals who have paid health or dental insurance premiums on a pre-tax basis. Pre-tax occurs when an employer subtracts the amount of the health or dental insurance premium from an employee's gross wages before withholding federal and state income taxes and calculating FICA. See your payroll department if you do not know whether or not your health or dental insurance was paid on a pre-tax basis.

The federal Affordable Care Act requires employers to report the cost of coverage under an employer-sponsored group health plan. This reporting is for informational purposes only and will provide employees useful and comparable consumer information on the cost of their health care coverage paid by the employer in box 12 of the W2, code DD. The code DD amount is paid by employers and is not used for tax purposes.

Married Separate Filers:

If one spouse is employed and has health or dental insurance premiums paid through their wages, that spouse will claim the entire deduction. If both spouses pay health or dental insurance premiums through their wages, each spouse will claim what that individual paid.

If both spouses have self-employment income, the deduction for self-employed health or dental insurance must be allocated between the spouses in the ratio of each spouse's self-employment income to the total self-employment income of both spouses. If health or dental insurance premiums are paid directly by one spouse, that spouse will claim the entire deduction. For this net income calculation, do not include line 18, the health or dental insurance deduction.

Penalty on Early Withdrawal of Savings

Line: 19
Step: 6
Step Subject: Adjustments to Income

The form 1099-INT given to you by your bank or other savings institutions will show the amount of any penalty you were charged because you withdrew funds from your time savings deposit before its maturity. Enter this amount here. Include interest income from the time deposit on IA 1040, line 2.

Married Separate Filers:

Divide the penalty amount between spouses based upon registered ownership of the time deposit.

- Jointly held: Divide the penalty equally between spouses.
- Held in the name of only one spouse: Allocate the entire penalty to that spouse.

Alimony Paid

Line: 20
Step: 6
Step Subject: Adjustments to Income

Enter the amount of alimony payments or separate maintenance payments that were deductible on your federal tax return.

Married Separate Filers:

Only the spouse liable for these payments can deduct the alimony paid.

Pension / Retirement Income Exclusion

Line: 21
Step: 6
Step Subject: Adjustments to Income

If you or your spouse receive a pension, an annuity, a self-employed retirement plan, deferred compensation, IRA distribution, or other retirement plan benefits, you may be eligible to exclude from Iowa income tax part or all of the retirement income that is taxable on your federal return. The Roth conversion income, included in net income, is eligible for this exclusion.

Social Security benefits, railroad retirement benefits, and military retirement pay are not included. Since railroad retirement benefits and military retirement pay are not reported on IA 1040, line 9, an exclusion does not apply on line 21. However, if you are receiving military retirement pay, you may still be eligible to exclude other non-military pension income.

The exclusion is up to $6,000 for individuals who file status 1, 5, or 6 and up to $12,000 for married taxpayers who file status 2, 3, or 4. (If, for example, an individual has $5,000 in pension / retirement income, the exclusion will be the actual $5,000, not the maximum of $6,000.)

To take this exclusion the pensioner or retirement income recipient must meet one of the following conditions:

a. 55 years of age or older on December 31, 2022, or
b. disabled, or
c. a surviving spouse or a survivor having an insurable interest in an individual who has qualified for the exclusion in 2022 on the basis of age or disability. A survivor other than the surviving spouse is considered to have an "insurable interest" if the survivor is a son, daughter, mother, or father of the annuitant or pensioner.

Only the pension income of the spouse who meets the eligibility requirements can be shown on line 21. Please see the examples below for further guidance.

EXAMPLE 1: A married couple elected to file separately on the combined return form. One spouse was 52 years of age and received a pension income of $20,000. The other spouse was 55 years of age and received no pension income. Since the spouse receiving the pension income was not 55 years of age, no exclusion is allowed on the Iowa return.

EXAMPLE 2: A married couple elected to file separately on the combined return form. One spouse was 52 years of age and received a pension income of $10,000. The other spouse was 55 years of age and received a pension income of $8,000. Since only one spouse receiving the pension income was 55 years of age, an exclusion of $8,000 is allowed on the Iowa return. The exclusion of $8,000 is allowed since a married couple is allowed a combined exclusion of up to $12,000.

EXAMPLE 3: A married couple elected to file a joint return. One spouse was 52 years of age and received a pension income of $10,000. The other spouse was 55 years of age and received a pension income of $5,000. Since only one spouse receiving the pension income was 55 years of age, an exclusion of $5,000 is allowed on the Iowa return.

EXAMPLE 4: A spouse dies during the year at the age of 60 without receiving any pension income. The surviving spouse is not disabled, is 50 years old, and receives a pension from a previous employer. The surviving spouse is not eligible for any pension exclusion. Since the surviving spouse is the only one receiving the pension income, the eligibility of the deceased spouse doesn't allow the survivor to take the exclusion.

Had the pension income been attributable to the deceased spouse, then the surviving spouse could take the exclusion.

EXAMPLE 5: A 54-year old single filer receives $5,000 from a deceases parent's pension. The deceased parent would have qualified for the pension exclusion. The 54-year old also receives pension income of their own in the amount of $10,000. The 54-year old can take the pension exclusion in the amount of $5,000 based upon the insurable interest in the parent who would have qualified.

EXAMPLE 6: Same facts as example 5, except the 54-year old is married and the amount of the parent's pension income received is $15,000. The 54-year old spouse does not meet the pension exclusion requirements either. The allowable pension exclusion is $12,000.

Married Separate Filers:

If both spouses have pension income, and both meet the eligibility requirements, the exclusion of up to $12,000 is prorated between them in the ratio that each spouse's pension income relates to the total pension income received by both spouses. If only one spouse has pension income and meets the eligibility requirements, that spouse takes the entire exclusion of up to $12,000. The spouse who has no pension income receives no exclusion.

Moving Expense Deduction

Line: 22
Step: 6
Step Subject: Adjustments to Income

Enter moving expenses reported on the 2022 federal 1040, Schedule 1, line 14. Include a copy of federal form 3903.

Married Separate Filers:

This deduction must be divided between spouses based on earned income received after their move. If one spouse can show that the move was made for that spouse, that spouse is entitled to the entire deduction.

Iowa Capital Gain Deduction for Certain Business / Farm Assets / ESOP Stock Only

Line: 23
Step: 6
Step Subject: Adjustments to Income

This is a deduction of qualifying net capital gain realized in 2022. Note: Line 23 can be more than the net total reported on Schedule D. Unrelated losses are not to be included in the computation of the deduction. An example of an unrelated loss is the sale of common stock at a loss.

The Iowa capital gain deduction is subject to review by the Iowa Department of Revenue. The deduction must be reported on one of six forms by completing the applicable Capital Gain Deduction Worksheet:

a. To claim a deduction for capital gains from the qualifying sale of cattle, horses, or breeding livestock, complete the IA 100A.
b. To claim a deduction for capital gains from the qualifying sale of real property used in a farm business, complete the IA 100B.
c. To claim a deduction for capital gains from the qualifying sale of real property used in a non-farm business, complete the IA 100C.
d. To claim a deduction for capital gains from the qualifying sale of timber, complete the IA 100D.
e. To claim a deduction for capital gains from the qualifying sale of a business, complete the IA 100E.
f. To claim a deduction for capital gains from the qualifying sale of employer securities to a qualified Iowa employee stock ownership plan (ESOP), complete the IA 100F.

The completed form must be included with the IA 1040 to support the Iowa capital gain deduction. The Department will use this form to verify that the taxpayer qualifies for the deduction. The Department may request additional information if needed.

Complete a separate IA 100B-100F for each distinct property sale, although multiple livestock sales can, in some instances, be reported on one IA 100A (see IA 100A instructions). Complete the applicable form each year of a qualifying installment sale. Complete the applicable form even if the gain was passed-through from a separate entity.

The sale of assets by a C corporation generally does not qualify for the Iowa capital gain deduction. However, the gain from a corporate liquidation under Internal Revenue Code (IRC) section 331, or from certain stock sales which are treated as an acquisition of assets under IRC section 338, may qualify for the Iowa capital gain deduction.

For taxpayers filing separately on the same return, each spouse must complete the appropriate IA 100 form for the Iowa capital gain deduction claimed based on the spouse's ownership share in the property.

For more information on the Iowa capital gain deduction, see the instructions for the respective IA 100 form, Iowa Administrative Code rule 701—302.38, and the Capital Gain Flowcharts.

Eligible Property Sales

The Iowa capital gain deduction is available for the net capital gain from qualifying sales of the following properties:

a. Cattle, Horses, and Breeding Livestock

A taxpayer may deduct the net capital gain from the sale of cattle and horses used for breeding, draft, dairy, or sporting purposes and held for at least 24 months. A taxpayer also may deduct the net capital gain from the sale of other livestock used for breeding purposes and held for at least 12 months. To qualify for the deduction, the taxpayer must receive greater than 50% of their gross income from farming and ranching in the tax year. However, the sale of qualifying livestock to a lineal descendant of the taxpayer eliminates the requirement to have in excess of 50% of gross income from farming and ranching.

b. Real Property Used in a Farm Business

A taxpayer may deduct the net capital gain from the sale of real property used in a farm business and held for at least 10 years. Additionally, the taxpayer must materially participate in the farm business. Typically, the taxpayer must materially participate in the farm business for the 10 years prior to the sale. Alternatively, a retired or disabled farmer is treated as materially participating in the farm business for the current year if the farmer materially participated for five of the eight years prior to retirement or disability.

c. Real Property Used in a Non-Farm Business

A taxpayer may deduct the net capital gain from the sale of real property used in a business and held for at least 10 years. Additionally, the taxpayer must materially participate in the business, typically for the 10 years prior to the sale.

d. Timber

A taxpayer may deduct the net capital gain from the sale of timber held for at least 12 months. “Timber” means timber that qualifies for capital gain treatment under section 1231 of the Internal Revenue Code. Timber includes evergreen trees, such as Christmas trees, that are more than six years old at the time they are cut and sold for ornamental purposes.

e. Business

A taxpayer may deduct the net capital gain from the sale of a business held for at least 10 years. The sale of a business means the sale of all or substantially all of the tangible personal property or service of the business. Service of the business is intangible personal property used in the business for the production of income such as client lists, goodwill, patents, trade names, and similar items. This means that the sale of the assets of a business during the tax year must represent at least 90% of the fair market value of all of the tangible personal property of the business on the date of sale of the business assets. Additionally, the taxpayer must materially participate in the business, typically for the 10 years prior to the sale. However, the sale of a business to a lineal descendent of the taxpayer eliminates the requirement for material participation in the business.

f. ESOP

A taxpayer may deduct 50% of the net capital gain from the sale of exchange of employer securities of an Iowa corporation to a qualified Iowa ESOP. To be eligible, the Iowa ESOP must own at least 30% of all outstanding employer securities issued by the Iowa corporation after completion of the transaction.

Non-Qualifying Capital Gain Sales

Capital gains from sales of the following properties typically do not qualify for the Iowa capital gain deduction:

- Investment property, such as real property held for speculation but not used in a business
- Bonds and stocks, other than a qualifying sale of employer securities of an Iowa corporation to an Iowa ESOP

- Ownership interests and capital stock in a business, other than a qualifying sale of employer securities of an Iowa corporation to an Iowa ESOP
- Merchandise and inventory of a business

Installment Sales

In the case of installment sales of qualifying property, only installments received in the 2022 tax year qualify for the capital gain deduction on the 2022 return. Eligibility for the deduction is determined at the time of the installment sale. Accrual-method taxpayers: See instructions for IA 1040, line 14.

Net Operating Losses

For tax years beginning on or after January 1, 1998, the capital gain deduction otherwise allowable is not allowed in computing a net operating loss (NOL) deduction for purposes of carrying the net operating loss deduction to another tax year. Further, when applying an NOL from tax year 1998 or later, the capital gain deduction is not allowed in the carryback or carryforward tax year and must be added back to that year's income to the extent of the NOL.

Married Separate Filers:

Divide the capital gain deduction based on ownership of the asset.

a. Jointly held: Divide equally between spouses.
b. If other than jointly held: Divide between spouses based on percentage of ownership.

Other Adjustments

Line: 24
Step: 6
Step Subject: Adjustments to Income

Enter the total of other allowable adjustments as described below. Include an explanation for each adjustment.

Do not include any deduction for the small business health insurance tax credit that was not allowed as a deduction on the federal return.

a. Accrual method

Taxpayers who had capital gains in 2022 that were reported on the installment method for federal tax purposes and the entire gain was reported for Iowa in a prior year do not have to report installments.

b. Active duty military pay

Members of the armed forces, armed forces military reserve, or the national guard in an active duty status can exclude pay received from the federal government for military service performed, to the extent it was included in line 15, Gross Income.

c. Alternative motor vehicle deduction

Alternative motor vehicle deduction of $2,000 for taxpayers who are eligible for the federal Alternative Motor Vehicle Credit under Internal Revenue Code section 30B and who complete federal form 8910.

d. Capital gain from installment sales reported on the 2001 Iowa return using the accrual method

The installment method for reporting capital gain for accrual accounting taxpayers is adopted for Iowa individual income tax purposes for tax years beginning on or after January 1, 2002. However, if you used the accrual method of accounting and reported the entire capital gain on the 2001 Iowa return which was reported on the installment method for federal tax purposes, deduct the amount reported of any additional installments from that capital gain on this line.

e. Capital or ordinary gain from involuntary conversion related to eminent domain

An exclusion of both capital gain and ordinary gain is available for individual income taxpayers relating to capital or ordinary gain income realized by a taxpayer as a result of the involuntary conversion of property due to eminent domain. Eminent domain relates to the authority of certain government agencies or instrumentalities of government to condemn private property for any public improvement, public purpose, or other public use.

If there is no ordinary or capital gain recognized for tax purposes because the converted property is replaced with property that is similar to, or related in use to, the converted property, there is no exclusion allowed for Iowa tax purposes until the remaining gain is recognized for federal tax purposes or until the time of disposition of the replacement property. Any exclusion allowed for Iowa tax purposes does not alter the basis of the property as established for federal tax purposes, so the basis will remain the same for both federal and Iowa tax purposes.

f. Claim of Right Deduction

If income was repaid in the 2022 tax year and was reported and taxed on a prior Iowa return, that income may be deducted on the 2022 tax return. However, it may be to your advantage to take a credit on line 62. You may take either the deduction on line 24 or take a credit on line 62, but not both.

Example 1: A taxpayer reported $7,000 in unemployment benefits on the 2021 Iowa return. The taxpayer's 2021 AGI exceeded $150,000 without including the unemployment income. The taxpayer did not qualify for the unemployment exclusion. In early 2022 the taxpayer was notified that $4,000 of the unemployment benefits had to be repaid. The benefits were repaid by the end of 2022. The taxpayer may claim a $4,000 income adjustment on line 24 of the 2022 Iowa return.

Example 2: A taxpayer received $20,000 Iowa unemployment benefits in 2021. $10,200 of those benefits were excluded from tax. The taxpayer had to repay $15,000 of unemployment. $20,000 - $10,2000 = $9,800 of benefits were reported and taxed in 2021. The taxpayer may claim a $9,800 income adjustment on line 24 of the 2022 Iowa return.

g. College Savings Iowa or Iowa Advisor 529 Education Savings Plans

If you or your spouse participate in the College Savings Iowa 529 Plan (Iowa Educational Savings Plan Trust) or the Iowa Advisor 529 Plan, each may deduct an amount contributed not to exceed $3,522 per beneficiary. This deduction is only available for contributions to Iowa 529 plans.

You must be the "participant" in the Iowa 529 plan in order to deduct your contributions. If you are not the "participant" in the Iowa 529 plan, you may not deduct your contributions to that plan.

Example: Adam and Tara have 2 children; Charlie and Ruth. Adam opens two 529 accounts – one for Charlie and one for Ruth. Tara also opens two 529 accounts one for Charlie and one for Ruth. Both Adam and Tara can

take up to $3,522 per child's account. Adam and Tara each are eligible for a deduction of up to $7,044. Adam and Tara's total potential deduction amount is $14,088.

Only contributions to these two Iowa 529 plans qualify for a deduction on the Iowa return; however, a rollover from another state's 529 plan to one of the Iowa plans qualifies toward the deduction for Iowa income tax. If you received a refund of any qualified higher education expenses from an eligible educational institution and recontributed the refund amount consistent with Iowa Code section 422.7(32)(c)(1)(f)(i), you may not deduct the recontribution amount when calculating your Iowa net income and the recontribution amount will not be considered when determining whether you have met the annual deduction cap.

Be sure you have properly shown these contributions as a deduction for one of these plans. Most computer software programs will ask for this information and correctly indicate the appropriate reason for the deduction.

Individuals making a contribution on or before the Iowa income tax return filing deadline (April 30 for calendar year tax filers), excluding extensions, can elect to have that contribution treated as though it was made on the last day of the preceding calendar year, which allows them to claim the income tax deduction for the most recently completed tax year.

h. Disability income exclusion

You may exclude from Iowa tax a portion of the disability pay you received in 2022 if you meet ALL of the following conditions:

- You received disability pay, and
- You were not yet 65 when your tax year ended, and
- You retired on disability and were totally and permanently disabled when you retired, and
- On January 1, 2022, you had not yet reached the age when your employer's retirement program would have required you to retire.

If you meet all of these conditions, obtain form IA 2440. You MUST complete form IA 2440 to take this exclusion. A doctor's statement must accompany each year's return attesting to the taxpayer's complete and permanent disability.

i. NONCONFORMITY ADJUSTMENT: Domestic production activities deduction resulting from a tax year beginning prior to January 1, 2019 (EXPIRED)

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j. First-Time Homebuyer Savings Account qualifying contributions

You may deduct up to $2,181 ($4,363 for married filing jointly) in qualifying Iowa First-Time Homebuyer Savings Account contributions made during the tax year. This deduction limitation is based on the account holder, so even though you may have contributed to multiple accounts for more than one beneficiary, your total deduction may not exceed $2,181 ($4,363 for married filing jointly).

Contributions are only deductible if they are made to accounts that have been designated as First-Time Homebuyer Savings Accounts by submitting the Account Holder and Designated Beneficiary Form to the Department. The Account Holder and Designated Beneficiary Form must be submitted to the Department by April 30 of the calendar year following the year in which you opened the account to the address on that form.

For example, if you opened the account in 2022, the form is due no later than April 30, 2023. The April 30 deadline applies even if you are a fiscal year filer. The Account Holder and Designated Beneficiary Form must be submitted to the Department separately from your 2022 Iowa income tax return.

Taxpayers are also required to complete an Iowa Department of Revenue annual report form and include it with their Iowa income tax return.

Complete and send a Withdrawal Form, 41-163 to the Iowa Department of Revenue when money is withdrawn. **Note**: this form must be submitted to the Department within ninety (90) days of the date of any withdrawal of funds in any amount from the First-Time Homebuyer Savings Account.

Interest and earnings income from a qualified First-Time Homebuyer Savings Account are exempt from Iowa individual income tax.

k. Employer Social Security Credit from federal return

If your business was in the food or beverage industry and you claimed a credit for a portion of employer Social Security tax on employee tips, you may claim a deduction on line 24 for this credit.

l. Federal Alcohol Fuel & Cellulosic Biofuel Credit from federal return

If you claimed an Alcohol Fuel Credit on your federal tax return, enter the amount of your Alcohol Fuel Credit here and include a copy of federal form 6478.

m. Foreign-earned income exclusion or foreign housing deduction from federal form 2555

Do not include any amount of foreign-earned income exclusion or foreign housing deduction already reported on IA 1040, line 14, code "m".

n. Gains or losses from distressed sale transactions

o. Health savings account deduction from federal form 1040, Schedule 1, line 13.

p. Injured veterans program, contributions to

Do not put on IA Schedule A.

An Injured Veteran's Grant Program is available through the Iowa Department of Veterans Affairs. Money appropriated for these grants will be given to veterans injured in a combat zone after September 11, 2001. The grants cannot exceed $10,000 per injured veteran. The Department of Veterans Affairs may also receive money from any public or private source for purposes of providing grants to injured veterans.

A deduction is allowed for the amount paid by a taxpayer to the Department of Veterasn Affairs for the purposes of providing grants to the Injured Veterans Grant Program. Do not claim these amounts on the Iowa Schedule A.

q. Injured veterans program, grants from

The amount of Department of Veterans Affairs grant money received by an injured veteran that is included in the veteran's federal adjusted gross income is not included in the veteran's Iowa net income.

r. In-home health care

To the extent included in Iowa gross income, deduct any State Supplementary Assistance payments received for unskilled in-home health-related care services to a family member.

s. Iowa Veterans Trust Fund

Income from the Iowa Veterans Trust Fund for the following items can be excluded from Iowa individual income tax:

Travel expenses directly related to follow-up medical care for wounded veterans and their spouses

Unemployment assistance during a period of unemployment due to prolonged physical or mental illness or disability resulting from military service

t. Military exemptions

Information: See *Tax Responsibilities of Servicemembers and Their Spouses*

u. Net operating loss, Iowa

Residents: Enter any Iowa net operating loss carryforward or carryback and include the IA 123 and supporting documentation, if any.

Nonresidents: Enter any Iowa-source net operating loss carryforward or carryback on your Schedule IA 126. Nonresidents do not enter net operating losses on the IA 1040 return. Include the IA 123 and supporting documentation, if any.

See Iowa Net Operating Loss Worksheet for additional information on the carryforward or carryback provisions.

v. Organ transplant expenses

A deduction in computing Iowa adjusted gross income is allowed for taxpayers for unreimbursed expenses relating to a human organ transplant. The taxpayer, while living, who donates all or part of a designated human organ can claim a deduction for unreimbursed expenses such as travel expenses, lodging expenses, and lost wages.

The deduction is limited to $10,000, and a taxpayer can only claim this deduction once. If a taxpayer claims this deduction for Iowa tax purposes, the taxpayer cannot also claim these same unreimbursed expenses as an itemized deduction for medical expenses on the Iowa return.

w. Partnership income and / or S corporation income: Modifications that decreased the income (including Biodiesel Production Refund)

Enter modifications that decrease the income reported on IA 1040, line 10.

Any biodiesel production refund received is not included as income for Iowa individual income tax purposes.

x. Segal AmeriCorps Education Award Payments

Federal Segal AmeriCorps education award payments are excluded from Iowa individual income tax.

y. Speculative shell buildings

If you are the owner of a qualifying speculative shell building, enter the difference between the depreciation taken on this building on your federal return and the depreciation that you could take under the accelerated cost recovery system of the Internal Revenue Code if the building were classified as 15-year property. Include a worksheet showing this calculation.

z. Student Loan Interest Deduction from federal return

Enter the same figure that is allowed on your federal form 1040, Schedule 1, line 21.

aa. Victim compensation awards

To the extent included in federal adjusted gross income, the following items can be excluded from Iowa adjusted gross income for individual income tax:

- Amounts of victim compensation awards paid under the victim compensation program administered by the Department of Justice under Iowa Code section 915.81
- Amounts of victim restitution payments received pursuant to Iowa Code chapters 910 and 915
- Amounts of damages awarded by a court, and received by a taxpayer, in a civil action filed by the victim against an offender

bb. Wages paid to certain individuals (ex-offenders & disabled)

If you operate a business, you may qualify for an additional deduction of 65% of the wages paid in the first 12 months up to a maximum deduction of $20,000 per qualifying new employee. This deduction is in addition to the wage deduction you were allowed on federal Schedule C. To qualify, the new employee(s) must be disabled or an ex-offender on parole, probation, or in a work release program. All types of businesses may qualify for this deduction for hiring qualifying ex-offenders. However, the deduction for hiring qualifying persons with disabilities is restricted to certain small businesses.

Further information is available online:

- Benefit for hiring ex-offenders
- Benefit for hiring persons with disabilities

cc. Work Opportunity Credit

If you claimed a Work Opportunity Credit on your federal income tax return, enter the amount here.

dd. Other federal adjustments

Other federal adjustments from Schedule 1, Part II, prior to the calculation of federal 1040 line 11 (federal AGI) not taken elsewhere on the IA 1040.

Report excess deductions of IRC section 67(e) expenses from estates and non-grantor trusts federal Schedule K-1 (Form 1041), box 11, code A as reported on federal Schedule 1, line 24.

ee. Educator Expenses

Eligible educators can deduct out-of-pocket educator expenses of up to $200 in excess of the federal deduction limitation, not to exceed a total of $500 per eligible educator. Report your qualifying educator expenses as allowed on federal 1040, Schedule 1, line 11, plus any other qualifying out-of-pocket educator expenses in excess of the federal deduction limitation. However, your total deduction cannot exceed $500 per eligible educator.

ff. Tuition and Fees Deduction (Expired)

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gg. Nonresident Electric Utility Worker Training and Emergency Response Work Reciprocity

The income a nonresident individual earns for performing emergency response work for an electric utility in Iowa under a mutual aid agreement between Iowa and the state in which the nonresident lives is excluded from Iowa individual income tax. Income received by a nonresident individual for training by an electric utility in Iowa is also excluded.

hh. Rapid Response to State Disasters

Out-of-state businesses and individuals performing disaster or emergency-related work in Iowa are not subject to Iowa income tax or withholding. The disaster response period starts ten days before the state-declared or presidential-declared disaster and ends sixty days after the end of the declared state disaster or emergency.

ii. Iowa ABLE (Achieving a Better Life Experience) Savings Plan Trust

Contributions to a qualified ABLE savings plan trust account made during 2022, on behalf of a designated beneficiary, are deductible from Iowa individual income tax up to a maximum amount, $3,522, allowed per beneficiary per year for purposes of the Iowa ABLE savings plan trust in Iowa Code chapter 12I. Interest and earnings income from an ABLE savings plan trust account are exempt from Iowa individual income tax.

jj. Charitable Contributions (Expired)

RESERVED FOR FUTURE USE. The additional federal charitable donation deduction for taxpayers who do not itemize their deductions for federal tax purposes is not allowed for Iowa purposes. See line 37 for information about charitable contribution deductions for taxpayers who elect to itemize their deductions for Iowa tax purposes.

kk. Broadband Infrastructure Grant

Enter the amount of a federal, state, or local grant provided to a communications service provider during the tax year, to the extent included on Schedule C, line 1, if the grant was used to install broadband infrastructure that facilitates broadband service in targeted service areas at or above the download and upload speeds.

ll. Iowa Qualifying COVID-19 Grants

Enter the amount of an Iowa qualifying COVID-19 grant eligible for exclusion from Iowa income. The exclusion applies only to the extent the qualifying COVID-19 grant was included in your federal income tax and reported as taxable income on this Iowa return. The exclusion is reported as an adjustment on line 24, regardless of the line where the grant income is reported on the IA 1040.

mm. Legislative Per Diem Deduction

Enter the amount of qualifying legislative per diem deduction. State of Iowa legislators who live greater than 50 miles from the Iowa state Capitol building are allowed a deduction equal to the federal per diem rate in IRC 162(h)(1)(B) for each “legislative day” as defined in IRC 162(h)(2) (not including any per diem payments excluded from taxable wages).

State of Iowa legislators who live within 50 miles of the Iowa state Capitol building are allowed a deduction equal to $50 per “legislative day” as defined in IRC 162(h)(2) (not including any per diem payments excluded from taxable wages).

NOTE: Do not deduct any per diem payments that were not included in taxable wages. Actual expenses that exceed the federal per diem or $50 per diem, as applicable, are not deductible.

Married Separate Filers:

When the adjustment is attributable to a specific spouse, it is taken by that spouse.
When the adjustment is not attributable to any one spouse, it must be prorated based on the net income amounts on line 26. Calculate through line 26 as if the adjustment in question were excluded.
If the adjustment is attributable to a dependent, such as the student loan interest deduction, it is prorated based on net income before the adjustment in question.

Total Adjustments

Line: 25
Step: 6
Step Subject: Adjustments to Income

Add lines 16 through 24.

Net Income

Line: 26
Step: 6
Step Subject: Adjustments to Income

Subtract line 25 from line 15 and enter the result.

Qualifications for Exemption from Tax

If you qualify for the low income exemption as explained below, enter the words “low income exemption” in the area to the left of your net income figure on line 26. Skip lines 27-54, then enter zero on line 55 and complete the remainder of the return.

If you do not owe tax:

Even if you owe no tax, you must file an income tax return to receive a refund of any refundable Iowa tax credits or any Iowa tax withheld.

If you are exempt from tax:

If you are exempt from tax, you may want to change your IA W-4 form with your employer to eliminate state withholding from your wages. Use our Withholding Estimator to review your W-4.

Income included to determine exemption:

The following items must be included when determining if you are eligible for the $9,000 exemption or the $13,500 exemption ($24,000 or $32,000 if 65 or older on 12/31/22).

- The incomes of both spouses must be combined to determine if you meet this exemption from tax.
- The amount of any pension exclusion that is taken on line 21 of the IA 1040.
- Any reportable Social Security benefits from step 4 of the IA 1040.
- Any amount of lump-sum distribution separately taxed on federal form 4972.

Note: Carryforward of net operating loss claimed on the IA 1040 must be added back to net income line 26 to determine who must file.

Filing Status 1, Single:

If you are using filing status 1 (single), you are exempt from Iowa tax if you meet either of the following conditions:

- Your net income from all sources, line 26, is $9,000 or less and you are not claimed as a dependent on another person's Iowa return ($24,000 if you are 65 or older on 12/31/22).
- Your net income from all sources, line 26, is less than $5,000 and you are claimed as a dependent on another person's Iowa return.

All Other Filing Statuses:

If you are filing married filing jointly, married filing separately on a combined return, head of household, or qualifying widow(er), you are exempt from Iowa tax if you meet the following condition:

- Your net income from all sources, line 26, is $13,500 or less and you are not claimed as a dependent on another person's Iowa return ($32,000 if you or your spouse is 65 or older on 12/31/22).

Nonresidents and Part-Year Residents

In addition to the exemption provisions above, if you were a nonresident or part-year resident and had net income from Iowa sources of less than $1,000 (see note below) you are exempt from Iowa tax. To review instructions for "Iowa-source income," see the instructions for lines 1-26 of the IA 126. If you had Iowa tax withheld and are requesting a refund, or choose to file an Iowa return even though you aren't required to do so, you must complete the entire IA 1040 and the entire IA 126.

Note: If you were a nonresident or part-year resident and subject to Iowa lump-sum tax or Iowa alternative minimum tax (even if Iowa-source income is less than $1,000), you are required to file an Iowa return reporting the Iowa lump-sum or Iowa alternative minimum tax even if you have no regular Iowa income tax liability.

Illinois Residents

See reciprocal agreement.

Military Spouses

See Tax Responsibilities of Servicemembers and their Spouses.

Married Separate Filers:

Married taxpayers filing married filing separately on a combined return or married filing separate returns must use the combined income of both spouses in determining eligibility for exemption from tax.

If either spouse has a net operating loss that is carried back or forward, then the other spouse cannot use the low income exemption. If the spouse with the net operating loss chooses not to carry the loss back or forward, then the other can claim the low income exemption. A statement must be included with the return saying that the spouse with the net operating loss will not carry it back or forward.

Step 7

Federal Income Tax Refund / Overpayment Received in 2022

Line: 27
Step: 7
Step Subject: Federal Tax Addition and Deduction

If you received a refund of federal income tax during 2022:

You must report the amount on this line. It must be reported even if you used the standard deduction on the prior year's Iowa return. The federal refund must be included on this line because you benefited from being able to deduct federal taxes on the prior year's Iowa return, which reduced your Iowa taxable income for that year. The amount reported on this line should not exceed the total amount of any federal tax deduction taken on the prior year(s) Iowa return.

Include the following:

- The refund you received from your 2021 federal tax return.
- To find the amount you received, check your records or call the IRS at 1-800-829-1040. This information is not available from the Iowa Department of Revenue.
- Any federal refunds received in 2022 for other years that were amended or filed late.
- Any portion of the federal refund received in 2022 due to excess FICA payments or the Fuel Tax Credit from federal form 4136 if they were claimed as a federal tax payment on line 31 of the 2021 or 2020 Iowa returns or line 33 of Iowa returns prior to 2020.
- Any portion of the federal refund that represents overpayment of Deemed Repatriation of Deferred Foreign Income.

Federal estimated tax

If you chose to have any part of an overpayment of federal income tax credited to estimated tax payments for 2022, the amount should be claimed as 2022 estimated tax paid on line 31. The total federal overpayment must also be reported on line 27.

Do not include the portion of the federal refund attributable to the following:

- Recovery Rebate Credit
- Earned Income Tax Credit
- Refundable portion of the Child Tax Credit (tax year 2021 only)
- Additional Child Tax Credit
- First-Time Homebuyer Credit
- Existing Homebuyer Credit
- Refundable Education Credit
- Refundable Adoption Tax Credit
- Refundable Child and Dependent Care Credit (tax year 2021 only)

You moved to Iowa in 2022:

You are filing an Iowa return for 2022 for the first time because you moved into Iowa during the year. A refund of federal tax received in 2022 is not reported if the tax was not deducted from Iowa income in a prior year.

You were a nonresident:

You were a nonresident for the tax year of the refund and were not required to file an Iowa return for that year.

You did not deduct federal tax in the refund year:

The refund you received was from a year in which you did not take a deduction for the payment of federal tax because your income was less than the minimum amount for paying Iowa tax or your tax for that year was calculated using the alternate tax computation.

Married Separate Filers:

If the refund received in 2022 was from a jointly-filed federal return, it must be divided between spouses in the ratio of the spouses' net incomes in the year for which the refund was issued.

Example: A 2021 federal refund received in 2022 would be prorated using the spouses' net incomes from the 2021 Iowa return.

For purposes of reporting on line 27, the refund must be prorated in this manner even if the refund itself was divided between spouses in some other way, either by mutual agreement or other requirement.

Example of how to prorate:

- Your income is $10,500
- Spouse's income is $15,500
- Total: $26,000
- Federal refund: $1,200

Divide your income by total income: $10,500 divided by $26,000 = 40%
The spouse's income is, therefore, 60% of their combined income.
In this example, line 27 is $720 (60%) of the federal refund for the spouse, and $480 (40%) of the federal refund for you.

Self-Employment / Household Employment / Other Federal Taxes

Line: 28
Step: 7
Step Subject: Federal Tax Addition and Deduction

Taxpayers can deduct their entire withholding, estimated payment, and additional federal tax paid amounts on line 31. However, certain amounts must be added back on line 28, including the following:

- Excess advance premium tax credit repayment reported on the federal 1040, Schedule 2, line 2
- Federal self-employment tax reported on the federal 1040, Schedule 2, line 4
- Total additional Social Security and Medicare tax reported on the federal 1040, Schedule 2, line 7
- Additional tax on IRAs or other tax-favored accounts reported on the federal 1040, Schedule 2, line 8
- Federal household employment taxes reported on the federal 1040, Schedule 2, line 9
- Repayment of first-time homebuyer credit reported on the federal 1040, Schedule 2, line 10
- Additional Medicare tax from federal form 8959 reported on the federal 1040, Schedule 2, line 11
- Uncollected social security and Medicare or RRTA tax on tips or group-term life insurance from Form W-2, box 12, reported on the federal 1040, Schedule 2, line 13
- Interest on tax due on installment income from the sale of certain residential lots and timeshares reported on the federal 1040, Schedule 2, line 14
- Interest on the deferred tax on gain from certain installment sales with a sales price over $150,000 reported on the federal 1040, Schedule 2, line 15
- Recapture of low-income housing credit reported on the federal 1040, Schedule 2, line 16
- Other additional federal taxes reported on the federal 1040, Schedule 2, line 18

Additional Medicare tax withholding from line 24 of federal form 8959, net investment income tax from federal form 8960, and federal section 965 net tax liability payments are not added back on line 28.

If a taxpayer has elected to pay federal section 965 net tax liability in installments for federal purposes, that taxpayer may only include the actual amount of the federal installment payment paid in 2022 in calculating the Iowa deduction for 2022. It is acceptable to report on line 28 either the current year’s self-employment / household employment tax / other federal taxes or the prior year’s, as long as the reporting method is consistent from one year to the next.

Married Separate Filers:

Federal taxes attributable to a specific spouse are claimed by that spouse. For example, each spouse must claim their own federal self-employment tax. Federal taxes not attributable to any one spouse must be prorated between the spouses based on the net income of the year for which they are paying the federal tax. For example, the household employment taxes are divided between spouses in the ratio of their respective net incomes.

Addition for Federal Taxes

Line: 29
Step: 7
Step Subject: Federal Tax Addition and Deduction

Add lines 27 and 28 and enter the total. If no federal refund or self-employment / household employment tax / other federal taxes are reportable to Iowa, enter zero.

Total

Line: 30
Step: 7
Step Subject: Federal Tax Addition and Deduction

Add lines 26 and 29.

Federal Tax Withheld, Federal Estimated Tax Payments, And Federal Taxes Paid in 2022 for 2021 and Prior Years

Line: 31
Step: 7
Step Subject: Federal Tax Addition and Deduction

Report on line 31 all federal tax withheld, estimated tax payments, and federal taxes paid in 2022.

Federal Tax Withheld

Enter the amount(s) listed in the box labeled “Federal income tax withheld” on the W-2 or 1099 form(s) that you received.

Federal income tax includes additional Medicare tax withholding from line 24 of federal form 8959. The additional Medicare tax withholding is included on line 31.

Taxpayers can deduct their entire withholding amount on line 31. However, certain amounts must be added back on line 28, including the following:

- Excess advance premium tax credit repayment reported on the federal 1040, Schedule 2, line 2
- Federal self-employment tax reported on the federal 1040, Schedule 2, line 4
- Total additional Social Security and Medicare tax reported on the federal 1040, Schedule 2, line 7
- Additional tax on IRAs or other tax-favored accounts reported on the federal 1040, Schedule 2, line 8
- Federal household employment taxes reported on the federal 1040, Schedule 2, line 9
- Repayment of first-time homebuyer credit reported on the federal 1040, Schedule 2, line 10

- Additional Medicare tax from federal form 8959 reported on the federal 1040, Schedule 2, line 11
- Uncollected social security and Medicare or RRTA tax on tips or group-term life insurance from Form W-2, box 12, reported on the federal 1040, Schedule 2, line 13
- Interest on tax due on installment income from the sale of certain residential lots and timeshares reported on the federal 1040, Schedule 2, line 14
- Interest on the deferred tax on gain from certain installment sales with a sales price over $150,000 reported on the federal 1040, Schedule 2, line 15
- Recapture of low-income housing credit reported on the federal 1040, Schedule 2, line 16
- Other additional federal taxes reported on the federal 1040, Schedule 2, line 18

Additional Medicare tax withholding from line 24 of federal form 8959, net investment income tax from federal form 8960, and federal section 965 net tax liability payments are not added back on line 28.

If a taxpayer has elected to pay federal section 965 net tax liability in installments for federal purposes, that taxpayer may only include the actual amount of the federal installment payment paid in 2022 in calculating the Iowa deduction for 2022.

Married Separate Filers:
Each spouse may claim only their own federal income tax withheld.

Federal Estimated Tax Payments Made in 2022.

Enter the federal estimated income tax payments made in 2022. You may include the credit applied from your 2021 federal income tax overpayment only if the overpayment is included on line 27. You can deduct only the federal estimated income tax payments made during calendar year 2022.

For example, include a federal estimated income tax payment for 2021 paid in January 2022, but not an estimated tax payment for 2022 paid in January 2023.

Federal income tax includes the net investment income tax on federal form 8960 and any payments made in 2022 associated with federal section 965 net tax liability.

Taxpayers can deduct their entire estimated payment amount on line 31. However, certain amounts must be added back on line 28, including the following:

- Excess advance premium tax credit repayment reported on the federal 1040, Schedule 2, line 2
- Federal self-employment tax reported on the federal 1040, Schedule 2, line 4
- Total additional Social Security and Medicare tax reported on the federal 1040, Schedule 2, line 7
- Additional tax on IRAs or other tax-favored accounts reported on the federal 1040, Schedule 2, line 8
- Federal household employment taxes reported on the federal 1040, Schedule 2, line 9
- Repayment of first-time homebuyer credit reported on the federal 1040, Schedule 2, line 10
- Additional Medicare tax from federal form 8959 reported on the federal 1040, Schedule 2, line 11
- Uncollected social security and Medicare or RRTA tax on tips or group-term life insurance from Form W-2, box 12, reported on the federal 1040, Schedule 2, line 13
- Interest on tax due on installment income from the sale of certain residential lots and timeshares reported on the federal 1040, Schedule 2, line 14
- Interest on the deferred tax on gain from certain installment sales with a sales price over $150,000 reported on the federal 1040, Schedule 2, line 15
- Recapture of low-income housing credit reported on the federal 1040, Schedule 2, line 16
- Other additional federal taxes reported on the federal 1040, Schedule 2, line 18

Additional Medicare tax withholding from line 24 of federal form 8959, net investment income tax from federal form 8960, and federal section 965 net tax liability payments are not added back on line 28.

If a taxpayer has elected to pay federal section 965 net tax liability in installments for federal purposes, that taxpayer may only include the actual amount of the federal installment payment paid in 2022 in calculating the Iowa deduction for 2022.

Married Separate Filers:

All federal estimated tax payments made in 2022 are divided between spouses in the same ratio as their incomes not subject to federal withholding for the 2022 tax year.

Additional Federal Tax Paid in 2022 for 2021 and Prior Years

A. Additional Tax to Enter

Enter the amount of additional federal income tax paid during 2022 for tax year 2021 and any other years before 2021. The amount of additional federal income tax paid is deductible only if Iowa income tax returns were required to be filed for the year for which the additional federal income tax was paid.

Include only the actual federal tax payments made in 2022, but DO NOT include the following:

- penalties
- interest

Federal income tax includes the net investment income tax on federal form 8960 and any payments made in 2022 associated with federal section 965 net tax liability.

Taxpayers can deduct their entire additional federal tax paid amount on line 31. However, certain amounts must be added back on line 28, including the following:

- Excess advance premium tax credit repayment reported on the federal 1040, Schedule 2, line 2
- Federal self-employment tax reported on the federal 1040, Schedule 2, line 4
- Total additional Social Security and Medicare tax reported on the federal 1040, Schedule 2, line 7
- Additional tax on IRAs or other tax-favored accounts reported on the federal 1040, Schedule 2, line 8
- Federal household employment taxes reported on the federal 1040, Schedule 2, line 9
- Repayment of first-time homebuyer credit reported on the federal 1040, Schedule 2, line 10
- Additional Medicare tax from federal form 8959 reported on the federal 1040, Schedule 2, line 11
- Uncollected social security and Medicare or RRTA tax on tips or group-term life insurance from Form W-2, box 12, reported on the federal 1040, Schedule 2, line 13
- Interest on tax due on installment income from the sale of certain residential lots and timeshares reported on the federal 1040, Schedule 2, line 14
- Interest on the deferred tax on gain from certain installment sales with a sales price over $150,000 reported on the federal 1040, Schedule 2, line 15
- Recapture of low-income housing credit reported on the federal 1040, Schedule 2, line 16
- Other additional federal taxes reported on the federal 1040, Schedule 2, line 18

Additional Medicare tax withholding from line 24 of federal form 8959, net investment income tax from federal form 8960, and federal section 965 net tax liability payments are not added back on line 28.

If a taxpayer has elected to pay federal section 965 net tax liability in installments for federal purposes, that taxpayer may only include the actual amount of the federal installment payment paid in 2022 in calculating the Iowa deduction for 2022. See Iowa Tax Reform Guidance: Deemed Repatriation of Deferred Foreign Income.

Refundable Credits

Refundable credits on the federal 1040 may be included on IA 1040, line 31, to the extent federal income tax was paid by applying the federal refundable credits, including:

- Earned Income Tax Credit
- Refundable portion of the Child Tax Credit (tax year 2021 only)
- Additional Child Tax Credit
- Recovery Rebate Credit
- First-Time Homebuyer Credit
- Existing Homebuyer Credit
- Refundable Education Credit
- Refundable Adoption Tax Credit
- Refundable Child and Dependent Care Credit (tax year 2021 only)

Any refundable federal credits that reduce federal income tax liability are allowed as a federal tax deduction — up to the amount of the federal tax paid by the refundable credits — on the Iowa return. In determining the order of applying the refundable federal tax credits, the federal Earned Income Tax Credit (EITC) should be applied first, followed by the Additional Child Tax Credit, and then any other refundable federal credits.

Example: The following example illustrates how a refundable federal Earned Income Tax Credit (EITC) on a timely-filed 2020 federal 1040 may affect line 31 of the 2020 Iowa return.

FIRST: Federal Tax Liability for Tax Year 2021	
Taxpayer's Federal Tax Liability for Tax Year 2021:	$2,000
Subtract Taxpayer's Federal Withholding:	- 500
Taxpayer's Unpaid Federal Tax Liability for Tax Year 2021:	1,500
SECOND: Apply EITC To Unpaid Federal Income Tax Balance	
Federal EITC Calculated by Taxpayer for Tax Year 2021:	$2,500
Subtract the $1,500 Federal Income Tax the Taxpayer Still Owes for Tax Year 2021:	-1,500
Taxpayer Will Receive a Federal Refund of EITC:	$1,000
THIRD: Line 31 On Iowa Return For 2022	
33. Additional Federal Tax Paid in 2022 for Tax Year 2021	$1,500
The $1,500 federal tax liability paid by EITC for Tax Year 2021 is deductible on the 2022 Iowa return.	

Married Separate Filers:

The additional federal tax paid must be divided between spouses in the ratio of the spouses' Iowa net incomes for the prior years for which they paid additional federal income tax.

B. FICA Payments

FICA payments in excess of $9,114.00 for Social Security tax for each person and the fuel tax credit from the 2022 federal return can be deducted as a federal tax payment on line 31. Any excess FICA tax and federal fuel tax credit refunded to you must be added back as a federal tax refund in the year received.

If you are self-employed, any self-employment tax you pay cannot cause an excess FICA payment.

Qualified Business Income Deduction

Line: 32
Step: 7
Step Subject: Federal Tax Addition and Deduction

Enter 75% (.75) of the qualified business income (QBI) deduction claimed on your 2022 federal form 8995, line 15, or your 2022 federal form 8995-A, line 37, whichever is applicable.

Married Separate Filers:

Divide your QBI deduction based on ownership of the qualifying business or businesses that created the deduction.

Domestic Production Activities Deduction (DPAD) under IRC section 199A(g)

Line: 33
Step: 7
Step Subject: Federal Tax Addition and Deduction

Enter 75% (.75) of the domestic production activities deduction (DPAD) under IRC section 199A(g) claimed on your 2022 federal form 8995-A, line 38.

Married Separate Filers:

Divide your DPAD 199A(g) deduction based on ownership of the qualifying business or businesses that created the deduction.

Total Federal Tax and Other Qualified Deductions

Line: 34
Step: 7
Step Subject: Federal Tax Addition and Deduction

Total federal tax and other qualified deductions. Add lines 31, 32, and 33.

Balance

Line: 35
Step: 7
Step Subject: Federal Tax Addition and Deduction

Subtract the amount on line 34 from line 30 and enter here and on line 36.

Step 8

Balance

Line: 36
Step: 8
Step Subject: Taxable Income

Enter the amount from line 35 on line 36.

Deduction

Line: 37
Step: 8
Step Subject: Taxable Income

You may itemize deductions or claim the Iowa standard deduction, whichever is larger. You may itemize deductions on your Iowa return even if you did not itemize deductions on your federal return. You must complete the Iowa Schedule A to itemize deductions on the Iowa return. A number of adjustments and separate Iowa calculations are necessary to determine the correct deduction. The $10,000 federal cap on the itemized deduction for state and local taxes does not apply for Iowa purposes. Taxpayers may still deduct eligible state and local taxes paid, independent of the federal dollar limitation.

Standard Deduction

For tax year 2022, the standard deduction is:

- Filing Status 1: $2,210
- Filing Status 3 or 4: $2,210 for each spouse
- Filing Status 2, 5, or 6: $5,450

The Iowa standard deduction can not include the additional charitable contributions deduction as allowed on federal form 1040, line 12b.

Itemized Deduction

If you itemize, complete the Iowa Schedule A, check the "itemized" box on line 37 and enter your total itemized deduction. Include your Iowa Schedule A with your return. The federal Schedule A cannot be used with the Iowa return.

Medical and Dental Expenses

Line 1: Enter medical and dental expenses as allowed on federal form 1040, Schedule A, line 1, less the amount reported as health insurance on the IA 1040, line 18. 100% of the amount paid for health insurance premiums paid for with post-tax dollars is deductible on the IA 1040, line 18. It may be to your advantage to take this deduction on the IA 1040, line 18 instead of the Iowa Schedule A. If health insurance premiums were used as a deduction on the IA 1040, line 18, they cannot be used on the Iowa Schedule A.

The IA 1040 departs from the federal 1040 in the treatment of health insurance premiums by allowing taxpayers to elect to deduct qualifying health insurance premiums as an adjustment to Iowa gross income. The Iowa return allows a deduction for qualifying health insurance premiums on the IA 1040, line 18, rather than reporting those same premiums as a medical expense deduction on the Iowa Schedule A for Iowa Itemized Deductions.

If the health insurance deduction is taken on the Iowa Schedule A, then the federal tax guidance should be followed when addressing the complications due to the impact of the federal excess advance premium tax credit repayment and the net premium tax credit.

However, if the deduction is taken on the IA 1040, line 18, then the IA 1040, rather than the Iowa Schedule A, must reflect the impact of the federal excess advance premium tax credit repayment and the net premium tax credit. The Iowa expanded instructions for the IA 1040, lines 14 and 18 set forth the Department's guidance for the correct reporting of these amounts.

Line 2: Multiply federal adjusted gross income by 7.5% (.075). Your federal adjusted gross income is the amount from federal form 1040, line 11, as modified by any Iowa net income nonconformity adjustments from the IA 1040, line 14 including any depreciation/section 179 adjustments, if any.

Enter the result, or if less than zero, enter zero.

Line 3: Subtract line 2 from line 1. Enter the result, or if less than zero, enter zero.

Taxes You Paid

The $10,000 ($5,000 if married filing separately) federal cap on the itemized deduction for state and local taxes calculated on federal form 1040, Schedule A, line 5e, does not apply for Iowa purposes. Taxpayers may deduct all eligible state and local taxes paid, independent of the federal dollar limitation.

Line 4: Enter other state and local income taxes (not including Iowa state income taxes) on line 4a, OR general sales taxes on line 4b, as allowed on the federal form 1040, Schedule A, line 5a.

Iowa state income tax is not deductible on the Iowa return. The School District Surtax and the Emergency Medical Services Surtax are deductible on the Iowa return. Taxes withheld or paid to other states or local taxing authorities are included. **Note**: If you received a refund in 2022 of previously deducted state and local taxes, you must add the refund back as other income, IA 1040 line 14.

You cannot deduct Social Security, Medicare, federal unemployment (FUTA), or railroad retirement (RRTA) taxes. You cannot deduct taxes you paid for someone else.

General sales taxes paid are available as an itemized deduction for 2022 on the Iowa Schedule A, only if you itemized at the federal level and elected to deduct general sales taxes on your federal return.

Line 5: Enter real estate taxes as allowed on federal form 1040, Schedule A, line 5b.

Line 6: Enter personal property taxes as allowed on federal form 1040, Schedule A, line 5c

Vehicle Registration Fee Deduction and Worksheet

If you itemize deductions, a portion of the automobile or multipurpose vehicle annual registration fee you paid in 2022 may be deducted as personal property tax on your Iowa Schedule A, line 6, and federal form 1040, Schedule A, line 5c.

This deduction includes annual registration fees paid based on the value of qualifying automobiles and multipurpose vehicles. Multipurpose vehicles are defined as motor vehicles designed to carry not more than 10 people, and constructed either on a truck chassis or with special features for occasional off-road operation [Iowa Code section 321.1(44)].

Annual registration fees on the following vehicles are not deductible: pickups (model year 2009 or older), motor trucks, work vans, ambulances, hearses, non-passenger-carrying vans, campers, motorcycles, trailers, or motor bikes.

This deduction applies only to the annual vehicle registration fee. It does not apply to the 5% one-time registration fee/fee for new registration that is imposed on the initial registration of a vehicle. That 5% fee is only deductible on the IA 1040, Schedule A, line 4b if the taxpayer claimed an itemized deduction for general sales taxes paid on the federal form 1040, Schedule A, line 5a.

Newer Vehicles:

Use the following worksheet to calculate the deductible amount of annual registration fees paid in 2022 for qualifying automobiles and multipurpose vehicles (model year 2011 or newer). For tax years 2009 and earlier, pickup truck registration fees could not be taken as an itemized deduction, because the fees were structured as a flat fee and were not based on value. However, beginning with the 2009 tax year, there was a change in the registration fee structure for pickups.

More specifically, only model year 2010 and newer trucks that weigh in at 10,000 pounds or less when empty are registered based on weight, list price, and model year. All other trucks are still subject to a registration fee based on weight. Consequently, certain 2011 model year and newer trucks may use the Vehicle Registration Deduction Worksheet.

1. Enter the actual annual registration fee paid.	1.
2. Take the weight of your automobile and divide it by 250. The weight is found on your automobile registration certificate.	2.
3. Subtract line 2 from line 1. This is the deductible amount for line 37.	3.

Example

- Malia purchased an automobile from Jennifer.
- The actual fee Malia paid to register the automobile at the courthouse was $150.
- The weight of the automobile is 3,000 pounds.

The deductible amount is calculated as follows:

1. Enter the actual annual registration fee paid.	1. 150
2. Take the weight of your automobile and divide it by 250. The weight is found on your automobile registration certificate.	2. 12
3. Subtract line 2 from line 1. This is the deductible amount for line 37.	3. 138

Older Vehicles:

For qualifying automobiles and multipurpose vehicles (model year 2010 or older) the deductible amount is 60% of the annual registration fees paid in 2022. This includes qualifying model year 2010 trucks.

Line 7: Enter other taxes as allowed on federal form 1040, Schedule A. Other taxes you paid are taxes not included on lines 5 or 6. List the tax paid and the total amount.

Line 8: Add lines 4 to 7. Enter the total here.

Interest You Paid

Lines 9a and 9b: Enter the home mortgage interest and points as allowed on federal form 1040, Schedule A with the following adjustments:

Taxpayers with the mortgage interest credit can claim a deduction on the Iowa Schedule A, line 9 for all qualifying mortgage interest paid in the tax year and not just the mortgage interest that was deducted on the federal form 1040, Schedule A.

Line 10: Enter points not reported on federal form 1098 as allowed on federal form 1040, Schedule A.

Line 11: RESERVED FOR FUTURE USE

Line 12: Enter investment interest as allowed on federal form 1040, Schedule A. Include federal form 4952 if required.

Line 13: Add lines 9a to 12. Enter the total here.

Gifts to Charity

The following are exceptions to federal form 1040, Schedule A treatment of charitable contributions:

- Injured Veterans Grant Program contributions do not qualify as itemized deductions, but can be taken on the IA 1040, line 24
- Certain donations to a non-profit entity for use in the entity's College Savings Iowa Account (529 Plan) may not qualify as an itemized deduction. Do not include as an itemized deduction any amount that you contributed to a non-profit entity to be deposited into the entity's College Savings Iowa Account (529 Plan) if you designated that any part of your contribution was to be used for the direct benefit of your dependent or any other specific person.
- If a taxpayer's federal itemized deduction for a charitable contribution to a state or local government is reduced because such contribution is made in return for a state or local tax credit, the same reduction applies for Iowa tax purposes, but note the following special rules related to Iowa tax credits:
    - School Tuition Organization Tax Credit Contributions, Charitable Conservation Contribution Tax Credit Contributions, Endow Iowa Tax Credit Contributions, Hoover Presidential Library Tax Credit, and Farm to Food Donation Tax Credit Contributions: do not include as an Iowa itemized deduction any contributions for which a credit is claimed on the IA 1040, line 52.

Line 14: Enter the contributions by cash or check as allowed on federal form 1040, Schedule A, with the adjustments noted above.

Line 15: Enter contributions other than by cash or check as allowed on federal form 1040, Schedule A, with the adjustments noted above. Include federal form 8283 if more than $500.

Line 16: Enter contributions carryforward from prior year as allowed on federal form 1040, Schedule A, with the adjustments noted above.

Contributions carried forward from prior year may be deducted if your contributions were capped in a prior year. Iowa follows the federal guidelines for carryforwards, but certain adjustments to your contribution carryforward may be required as described below. Documentation of the carryforward amount may be requested by the Department.

The federal adjusted gross income used to determine contribution limitations for Iowa tax purposes is the amount from federal form 1040, line 11, as modified by any Iowa net income nonconformity adjustments from the IA 1040, line 14 including any depreciation/section 179 adjustments, if any.

Iowa did not conform to several federal charitable contribution provisions in 2018 and 2019. As a result of this 2018 and 2019 nonconformity, your charitable contribution carryforward amount from 2018 or 2019 may be different for federal and Iowa purposes in 2022.

- **Charitable Contribution Percentage Limitation:** For tax year 2018 only, Iowa did not conform with the federal increase in the charitable deduction limitation for cash contributions to certain public charities from 50% to 60% of the taxpayer's federal adjusted gross income. If an allowable deduction was limited and added back for Iowa purposes in 2018 because of Iowa's lower contribution limitation, you may

recalculate your Iowa contribution carryforward amount under IRC § 170(b)(1)(G) for tax year 2019-2023 to include the amount of those contributions added back on your 2018 IA 1040 Schedule A. No Iowa charitable deduction shall be allowed for this Iowa carryforward amount for tax year 2024 or later.

- **College Seating Rights Contributions:** For tax year 2018 only, Iowa did not conform with the federal repeal of the charitable deduction for 80% of a donation made to a college in return for the right to purchase college athletic tickets. If you made such a charitable contribution in 2018 and it was not otherwise limited by your contribution percentage limitation under IRC § 170(d), it was deducted on your 2018 IA 1040 Schedule A. However, if the allowable deduction was instead limited and not deductible for Iowa tax purposes in 2018, you may recalculate your Iowa contribution carryforward amount under IRC § 170(d) for tax years 2019-2023 to include the amount of that 2018 contribution otherwise allowable for Iowa tax purposes. No Iowa charitable deduction shall be allowed for this carryforward amount for tax year 2024 or later.
- **California Wildfire Relief Efforts Contributions:** For tax year 2018 only, Iowa did not conform with the temporary suspension under § 20104 of the Bipartisan Budget Act of 2018 of charitable contribution limitations for certain contributions made for California wildfire relief efforts. To the extent you made one of these qualifying contributions but it caused you to exceed your contribution percentage limitation under IRC § 170(b) in tax year 2018, the amount of the excess was added back on your 2018 IA 1040 Schedule A. If you included such an add back in tax year 2018, you may recalculate your Iowa contribution carryforward amount under IRC § 170(d) for tax years 2019-2023 to include the amount added back on your 2018 IA 1040 Schedule A. No Iowa charitable deduction shall be allowed for this Iowa carryforward amount for tax year 2024 or later.
- **Qualified Disaster Relief Contributions:** For tax years 2018 and 2019, Iowa did not conform with the Taxpayer Certainty and Disaster Tax Relief Act of 2019 which increased the charitable deduction limitation to 100% of your adjusted gross income for qualified contributions for relief efforts in a qualified disaster area. If an allowable deduction was limited and added back for Iowa purposes in 2018 or 2019 because of Iowa's lower contribution limitation, you may recalculate your Iowa contribution 5 year carryforward amount under IRC § 170(b)(1)(G) to include the amount of those contributions added back on your 2018 and 2019 IA 1040 Schedule A. No Iowa charitable deduction shall be allowed for this Iowa carryforward amount for tax year 2025 or later.

Line 17: Add lines 14 to 16. Enter the total here.

Casualty/Theft Loss

Line 18: Enter casualty or theft loss(es) as reported on your federal return.

Include your federal form 4684.

Other Expenses

Line 19: Enter other itemized deductions as allowed on federal Schedule A, line 16. List the type and amount on line 19.

Do not include any amount of federal standard deduction included on federal Schedule A, line 16, because you have a net qualified disaster loss on federal form 4684, line 15.

For tax years 2019 and later, Iowa is conformed to the federal repeal of miscellaneous itemized deductions and unreimbursed employee expenses for most taxpayers. Do not include any deductions on line 19 that were

not allowable on your federal Schedule A, line 16. See 2021 IRS Publication 529 for more information about allowable deductions.

Gambling losses: Gambling losses are deductible only to the extent of gambling winnings reported on IA 1040, line 13. The gambling loss amount entered on this line shall only include losses from wagering transactions, and does not extend to business expenses incurred in the trade or business of gambling.

Other Iowa Deductions

Line 20: Enter the total of all other deductions on the Iowa Schedule A, line 20 as described below. Only include amounts described in paragraphs a, b, or c below.

a. Expenses Incurred for Care of a Disabled Relative

Expenses, not to exceed $5,000, incurred in caring for a disabled relative in your home may be deducted.

Disabled Relative Qualifications:

- The expenses which may be claimed are those for the care of a person who is your grandchild, child, parent, or grandparent.
- The disabled person must be unable, by reason of physical or mental disability, to live independently and must be receiving or be eligible to receive medical assistance benefits under Title XIX of the U.S. Social Security Act.
- A statement from a qualified physician certifying that the person with the disability is unable to live independently must be submitted with the return the first year a deduction is taken and every third year thereafter.

Qualifying Items:

- Qualifying items are those that are not reimbursed. Items may include food, clothing, medical expenses not otherwise deductible, and transportation for medical reasons. See IRS guidelines for medical mileage rate.
- An itemized schedule of expenses must be included with the return.

Non-Qualifying Items:

- Expenses not directly attributable to the care of the relative, such as rent, mortgage payments, interest, utilities, house insurance, and taxes cannot be included.

Married Separate Filers: The total deduction claimed by both spouses for each relative with a disability may not exceed $5,000.

b. Adoption Expenses

You may be eligible to deduct a portion of the adoption expenses you paid in 2022 if you incurred adoption expenses during the tax year, even if the child is not placed in Iowa.

Expenses include medical costs relating to the child's birth, any necessary fees, and all other costs connected with the adoption procedure. Include a separate schedule listing the adoption expenses.

This deduction is taken in the year that the expenses are paid even if the child is not placed in your home during that year or if the adoption does not occur.

There is also an Adoption Tax Credit for certain unreimbursed adoption expenses that can be calculated on the IA 177 and taken on the IA 1040, line 62 for a child placed in Iowa. Qualifying adoption expenses exceeding 3% of total Iowa net income, less any Adoption Tax Credit claimed, are eligible for deduction. Subtract 3% of your total Iowa net income (and your spouse’s, if married) entered on line 26 from the total of qualifying adoption

expenses, less any Adoption Tax Credit claimed on IA 1040, line 62. Enter the result on IA 1040 Schedule A, line 27.

Example: Taxpayer has Iowa net income of $100,000 and adoption expenses of $10,000. The taxpayer is eligible for an Adoption Tax Credit on line 62 of $5,000.

- $100,000 (net income) x 3% (.03) = $3,000 (expenses not eligible for deduction)
- $10,000 (total adoption expenses) - $5,000 (credit amount) = $5,000 (expenses remaining for possible deduction)
- $5,000 (expenses remaining for possible deduction) - $3,000 (expenses not eligible for deduction) = $2,000 (deduction allowed on line 27 of IA Schedule A)

c. Mileage Deduction Charitable Purposes

Iowa allows an additional deduction for automobile mileage driven for charitable organizations. Calculate the deduction as follows:

1. Number of miles:
    a. from January 1 through June 30 x $0.39
    b. from July 1 through December 31 x $0.50
2. Total of lines 1a and 1b
3. Subtract charitable mileage deduction already claimed on the Iowa Schedule A, line 26
4. Equals additional mileage deduction for charitable purposes

This information is based on Iowa Code sections 422.9(2)(d) and 8A.363.

Proration of Deductions Between Spouses

Complete lines 22 to 26 only if you are using filing status 3 or 4.

Married Separate Filers:

If one spouse uses the itemized deduction, then both spouses must use the itemized deduction, even if separate Iowa returns are filed.

Itemized deductions must be divided between spouses in the ratio of their respective net incomes.

Line 22: Enter net income of both spouses from IA 1040, line 26.
22a. Your net income from IA 1040, line 26
22b. Spouse's net income from IA 1040, line 26
Line 23: Add 22a and 22b. Enter the total here.
Line 24: Divide the amount on line 22a by the amount on line 23. Enter the result here to the nearest tenth of a percent.
Line 25: Multiply line 21 by the percentage on line 24. Enter the result here and on IA 1040, line 37, column A.
Line 26: Subtract line 25 from line 21. Enter the result here and on IA 1040, line 37, column B. If you are using filing status 4, enter this amount on line 37, column A or your spouse's return.

Taxable Income

Line: 38
Step: 8
Step Subject: Taxable Income

Subtract line 37 from line 36 and enter the difference. If line 37 is greater than line 36, enter zero.

Tax or Alternate Tax

Line: 39
Step: 9
Step Subject: Tax, Credits & Checkoff Contributions

Alternate Tax Calculation

You may owe less tax by completing the worksheet below to compute your tax liability. All filing statuses except filing status 1, Single, may qualify for the Iowa alternate tax calculation. Single taxpayers may be eligible for the Iowa income tax reduction; see **Iowa Income Tax Reduction Worksheet**. Carryforward of net operating loss claimed on the IA 1040 must be added back to net income line 26.

Special instructions for filing status 3, Married Filing Separately on a Combined Return, and filing status 4, Married Filing Separate Returns:

- Use the combined net incomes of both spouses.
- Prorate the alternate tax between spouses in the ratio of the net income of each spouse to the combined net income of both spouses using lines 7-11.
- If you are married filing separately and one spouse has a net operating loss that will be carried back or forward, then you cannot use the alternate tax computation. If the spouse with the net operating loss elects not to carry the net operating loss back or forward, then you can use the alternate tax computation. A statement must be included with the return saying that the spouse with the net operating loss will not carry it back or forward.
- If you are filing status 4 and do not provide the other spouse's income on the IA 1040, Step 2 , you will not be allowed the alternate tax calculation.

Alternate Tax Worksheet

1. Enter: (a) Net income from IA 1040, line 26: _____ (b) Pension exclusion from IA 1040, line 21: _____ (c) Reportable Social Security benefits from IA 1040, Step 4: _____ (d) Lump Sum distributions, of taxable income reported on federal form 4972 line 8: _____ Total: Add a, b, c, and d	1.	
2. Enter $13,500 ($32,000 if you or your spouse was 65 or older on 12/31/22).	2.	
3. Income subject to alternate tax calculation. Subtract line 2 from line 1.	3.	
4. Multiply line 3 by 8.53% (.0853).	4.	
5. Using the tax tables, determine the tax on the taxable income from the IA 1040, line 38. (Status 3 and 4 filers: Calculate tax separately and combine the amounts.)	5.	
6. Compare the amounts on line 4 and line 5. Enter the smaller amount. If using fling statuses 2, 5, or 6 also enter on IA 1040, line 39. If using filing status 3 or 4 and line 4 is less than line 5, continue to line 7. If using filing status 3 or 4 and line 5 is less than line 4, then enter each spouse's tax from the tax tables on IA 1040, line 39.	6.	
7. Net income of both spouses from line 1 above	Spouse 7b:___	You 7a:___
8. Total adjusted Iowa net income, add lines 7a and 7b	8.	
9. Divide the amount on line 7a by the amount on line 8. Enter to the nearest tenth of a percent.	9.	%
10. Multiply line 6 by the percentage on line 9. Enter here and on IA 1040, line 39, column A.	(You) 10.	
11. Subtract line 10 from line 6. Enter here and on IA 1040, line 39, column B. If you are using filing status 4, enter this amount on line 39, column A of your spouse's return,	(Spouse) 11.	

The Alternate Tax Calculation Worksheet is available as a PDF.

Step 9

Iowa Lump-Sum Tax

Line: 40
Step: 9
Step Subject: Tax, Credits & Checkoff Contributions

A lump-sum distribution occurs when, in one tax year, you receive the total balance from the pension or profit-sharing plan of an employer due to termination of employment, termination of the plan, or death of the employee.

Iowa lump-sum tax applies only if federal form 4972 was used to compute the federal tax on any portion of the lump-sum distribution. If there is no federal lump-sum tax, then there is no Iowa lump-sum tax.

Iowa Residents:

Enter 25% of the federal tax from federal form 4972 on the IA 1040, line 40. Include federal form 4972.

Part-Year Residents:

If a lump-sum distribution reported on federal form 4972 was received while an Iowa resident, 25% of the federal tax from form 4972 must be entered on line 40. Part-year residents who receive a lump-sum distribution while not an Iowa resident are not subject to Iowa lump-sum tax on that distribution. A copy of the federal form 4972 must be included.

Nonresidents:

Nonresidents receiving lump-sum distributions are not subject to Iowa lump-sum tax.

Married Separate Filers (including status 4):

Lump-sum tax is reported by the spouse who received the distribution.

Iowa Alternative Minimum Tax

Line: 41
Step: 9
Step Subject: Tax, Credits & Checkoff Contributions

Residents enter the amount from line 31 of the IA 6251 Iowa Alternative Minimum Tax Computation. Nonresidents and part-year residents enter the amount from line 35 of the IA 6251.

The Iowa alternative minimum tax is imposed, for the most part, on the same tax preference items and adjustments on which federal alternative minimum tax is imposed. However, you may be subject to Iowa alternative minimum tax even if you have no liability for federal alternative minimum tax. All taxpayers with Iowa alternative minimum tax are to include a copy of the IA 6251 with their IA 1040.

If you had tax preference items and adjustments in 2022, see form IA 6251 for further information.

Nonresidents and Part-Year Residents:

If you have Iowa-source tax preferences or adjustments, you may be subject to Iowa alternative minimum tax. See form IA 6251.

Married Separate Filers (including status 4):

Each spouse that had tax preference items and adjustments must complete their own IA 6251.

Total Tax

Line: 42
Step: 9
Step Subject: Tax, Credits & Checkoff Contributions

Add lines 39, 40, and 41.

Taxpayers who have had a distressed sale in 2022 and have included the gain in net income may be eligible to limit their tax to their net worth immediately prior to the distressed sale. If you qualify, limit the amount on line 42 to your net worth before the distressed sale and include an Iowa Income Tax Balance Sheet / Statement of Net Worth (form IA 6251B).

Total Exemption Credits Amounts

Line: 43
Step: 9
Step Subject: Tax, Credits & Checkoff Contributions

Enter the total amount of exemption credits from Step 3.

Tuition and Textbook Credit (K-12 Only)

Line: 44
Step: 9
Step Subject: Tax, Credits & Checkoff Contributions

Taxpayers who have one or more dependents attending kindergarten through 12th grade in an accredited Iowa school or receiving qualifying private instruction may take a credit for each dependent for amounts paid for tuition and textbooks. Dependents attending a school must have attended a school in Iowa that is accredited under Iowa Code section 256.11, not operated for a profit, and adheres to the provisions of the U.S. Civil Rights Act of 1964. Dependents not attending a school must have received private instruction as defined in Iowa Code sections 299A.1(2)(b), 299A.2, or 299A.3.

Tuition expenses paid with 529 account distributions may qualify for the tuition and textbook credit.

Calculating the Credit

Calculate the proper amount of expenses per dependent and multiply the amount – not to exceed $2,000 – by 25% (.25).

Keep records of your calculation, showing the name of each dependent, school(s) attended or qualifications for private instruction, and an itemized list of qualifying expenses.

Enter the total allowable credit on line 44.

Example: Students Patty and Mark have qualifying expenses of $2,400 and $1,700 respectively. Their parents can take a credit of $500 (25% of $2,000 maximum) for Patty and $425 (25% of $1,700) for Mark, for a total credit of $925.

Divorced or separated parents

Only the parent claiming the dependent can claim the amounts paid by that parent for tuition and textbooks for that dependent.

Married Separate Filers:

This credit must be taken by the spouse claiming the dependent. Any unused part of this credit cannot be used by the other spouse.

Eligible & Ineligible Expenditures for the Iowa Tuition and Textbook Tax Credit

Expense	Eligible Expenditures	Ineligible Expenditures
Tuition	Tuition for any K-12 school that is accredited or for competent private instruction as defined in 299A.2.	Any amount for food, lodging, or clothing or amounts paid relating to the teaching of religious tenets, doctrines or worship; amounts for tutoring not paid to a school
Textbooks and Publications	Textbooks and other instructional materials used in teaching subjects legally and commonly taught in Iowa's public elementary and secondary schools, including those needed for extracurricular activities (including fees for required textbooks and supplies); computers, if required	Yearbooks or annuals; textbook fines
Required Materials and Supplies Other Than Textbooks	Pocket folders, spiral notebooks, pens, pencils, backpacks, rulers, calculators, flash drives and other items on a required supply list issued by the dependent's school	Items on a supply list that are optional
Clothing	Rental or purchase of "non-street" costumes for a play or special clothing for a concert not suitable for everyday wear; rental of prom dresses and tuxedos	Clothes which can be used for street wear, such as T-shirts for extracurricular events; clothing for a play or concert that is suitable for everyday wear; purchase of prom dresses and tuxedos
Driver's Education	Fees paid for driver's education	
Dues, Fees and Admissions	Annual school fees; fees or dues paid for extracurricular activities; booster club dues (for dependent only); fees for athletics; activity ticket or admission for K-12 school or private instruction-related athletic, academic, music, or dramatic events and awards banquets or buffets; fees for a physical education event such as roller skating; advanced placement fees if paid to high school or private instructor; fees for homecoming, winter formal, prom, or similar events; fees required to park at the school and paid to the school	Sports-related socials; special education programs like career conferences; special testing like SAT, PSAT, ACT and Iowa talent search tests; fees paid to K-12 schools for college credit or special programs at colleges and universities; advanced placement fees if paid to a college or a university; parking fines
Materials for Extracurricular Activities	Materials for extracurricular activities, such as sporting events, speech activities, musical or dramatic events, awards banquets, homecoming, prom, and other school or private instruction-related social events	Class rings
Music	Rental of musical instruments for school or private instruction-related band; music / instrument lessons at a school or as part of private instruction; sheet music used in a school or as part of private instruction; music books and materials used in school or private instruction-related bands or orchestras for maintenance of instruments, including reeds, strings, picks, grease, and other consumables	Purchase of musical instruments (including rent-to-own contracts); sheet music for private use

Religion	----------	Amounts paid are not allowed if they relate to teaching of religious tenets, doctrines, or worship
Shoes	Football, soccer, and golf shoes; other shoes with cleats or spikes not suitable for street wear for teams associated with the school or private instruction	Basketball shoes and other shoes suitable for everyday wear
Supplies for Industrial Arts, Home Economics or Equivalent Classes	Cost of required basic materials for classes such as shop class, mechanics class, agricultural class, home economics class, or equivalent classes	Optional expenditures or materials used for personal projects of the dependents or for family benefit
Travel	Fees for transportation to and from school if paid to the school or private instructor; fees for field trips if the trip is during school hours	Travel expenses for overnight trips which involve payment for meals and lodging
Uniforms	School or private instruction-associated band and athletic uniforms	----------

Volunteer Firefighter and Emergency Medical Services Personnel and Reserve Peace Officer Tax Credit

Line: 45
Step: 9
Step Subject: Tax, Credits & Checkoff Contributions

The Volunteer Firefighter, Volunteer EMS Personnel, and Reserve Peace Officer Tax Credit is available for volunteer firefighters, volunteer EMS personnel, and volunteer reserve peace officers. In order to qualify for the credits, the taxpayer must meet the conditions listed below.

Qualifying Conditions

For Volunteer Firefighters:

- Must be an active member of an organized volunteer fire department in Iowa.
- Must meet the minimum training standards established by the Fire Service Training Bureau, a division of the Iowa Department of Public Health.
- A paid firefighter who volunteers for another fire department is eligible for the credit.
- A person who volunteers as a firefighter, for a fire department by which they are employed, is eligible for the credit if they are employed in a capacity other than as a firefighter.

For Volunteer Emergency Medical Services Personnel:

- Must be trained to provide emergency medical care, certified as a first responder, and must have received a certificate by the Iowa Department of Public Health.
- A paid EMS personnel member who volunteers for another department is eligible for the credit.
- A person who volunteers as an EMS personnel member, for a department by which they are employed, is eligible for the credit if they are employed in a capacity other than as an EMS personnel member.

For Reserve Peace Officers:

- Must be a volunteer, non-regular, sworn member of a law enforcement agency who serves with or without compensation, has regular police powers while functioning as a law enforcement agency's representative, and participates on a regular basis in the law enforcement agency's activities including crime prevention and control, preservation of the peace, and enforcement of the law.
- Must have met the minimum training standards established by the Iowa Law Enforcement Academy.
- A person who volunteers as a reserve peace officer, for a department by which they are employed, is eligible for the credit if they are employed in a capacity other than as a peace officer.

Amount of the Tax Credit

The tax credit equals $250 if the volunteer serves for the entire calendar year. If the volunteer does not serve the entire year, the $250 credit will be prorated based on the number of months that the volunteer served. If the volunteer served for a portion of a month, that will be considered as an entire month. The table below provides the qualifying amount of tax credit by months of service for the year.

Number of Months of Service	Amount of Tax Credit	Number of Months of Service	Amount of Tax Credit
1	$21	7	$146
2	$42	8	$167
3	$63	9	$188
4	$83	10	$208
5	$104	11	$229
6	$125	12	$250

If an individual serves in more than one position at the same time as a volunteer firefighter, volunteer EMS personnel, and/or reserve peace officer, the credit can only be claimed for one volunteer position.

Written Statement Requirements

Taxpayers claiming the tax credit are required to have a written statement from the fire chief, the chief of police, sheriff, commissioner of public safety, or other appropriate supervisor verifying that the individual was a volunteer for the number of months that are being claimed. These letters do not have to be included with a filed return, but must be produced by the taxpayer upon request by the Iowa Department of Revenue (IDR). It is recommended that the statement contain the following information: Volunteer Name, Fire Department or EMS Service Name or Police Department, Number of Months of Service for the Year, Amount of Qualifying Credit, and the Name, Title, and Signature of the official authorizing the credit.

Recordkeeping Recommendations

It is recommended that volunteer fire departments, EMS services, or police departments maintain a record of the letters that are authorized in the event that IDR requests a list of authorized credit recipients. It is recommended that these lists be kept for at least 10 years.

Married Separate Filers:

This credit must be taken by the spouse who qualifies. Any unused part of this credit cannot be used by the other spouse.

Total Credits

Line: 46
Step: 9
Step Subject: Tax, Credits & Checkoff Contributions

Add lines 43, 44 and 45.

Balance

Line: 47
Step: 9
Step Subject: Tax, Credits & Checkoff Contributions

Subtract the amount on line 46 from the amount on line 42. If less than zero, enter zero.

Why Use the Tax Reduction Worksheet

Taxpayers using filing status 1, Single, and not claimed as a dependent on another person's Iowa return may owe less tax by using this worksheet.

Taxpayers using filing status 1 are not eligible to use the alternate tax computation. However, a single taxpayer who is not claimed as a dependent on another person's Iowa return cannot have a tax amount on the IA 1040, line 47 that would reduce the combination of net income from the IA 1040, line 26 plus any pension exclusion from line 21, any reportable Social Security benefits on line 11 of the Social Security Worksheet, and any lump-sum distribution income subject to tax on federal form 4972 to less than $9,000 ($24,000 if you are 65 or older as of 12/31/22).

If subtracting line 47 from the total of lines 21, 26, reportable Social Security benefits, and any lump-sum distribution income subject to tax on federal form 4972 results in a difference of less than $9,000 ($24,000 if you are 65 or older as of 12/31/22), the entry on line 47 must be reduced as calculated on the worksheet below.

The carryover of a net operating loss claimed on the IA 1040 must be added back to net income, line 26.

1. Enter: (a) Net income from IA 1040, line 26: _____ (b) Pension exclusion from IA 1040, line 21: _____ (c) Reportable Social Security benefits (IA 1040, Step 4):_____ (d) Lump Sum Tax distributions of taxable income reported on federal form 4972 line 8:_____ Total. Add 1a, 1b, 1c, and 1d	1.
2. Enter $9,000 on this line if you are 64 or younger OR $24,000 if you were 65 or older as of 12/31/22	2.
3. Subtract line 2 from line 1	3.
4. Enter the amount from IA 1040, line 47	4.
5. Compare lines 3 and 4. Enter the smaller number here. If this number is different from the one on IA 1040, line 47, substitute this number. Write "tax reduction" to the left of line 47.	5.

Example
John has no pension income, reportable Social Security benefits, or lump-sum distribution income subject to tax on federal form 4972. Tax from line 47 is $120.

1. Enter: (a) Net income from IA 1040, line 26: 9,050 (b) Pension exclusion from IA 1040, line 21: N/A (c) Reportable Social Security benefits from IA 1040, Step 4: N/A (d) Lump Sum Tax distributions of taxable income reported on federal form 4972, line 8: N/A Total. Add 1a, 1b, 1c, and 1d	1. 9,050
2. Write $9,000 on this line if you are 64 or younger. Write $24,000 if you are 65 or older as of 12/31/22	2. -9,000
3. Subtract line 2 from line 1	3. 50
4. Enter the amount from IA 1040, line 47	4. 120
5. Compare lines 3 and 4. Enter the smaller number here. If this number is different from the one on IA 1040, line 47, substitute this number. Write "tax reduction" to the left of line 47	5. 50

Credit for Nonresident or Part-Year Resident

Line: 48
Step: 9
Step Subject: Tax, Credits & Checkoff Contributions

Nonresidents or Part-Year Residents:

A nonresident or part-year resident of Iowa must complete the IA 1040, lines 1 through 47 prior to completing the IA 126. The IA 1040 lines which must be completed report the taxpayer's:

- Total income, including income earned outside Iowa,
- Adjustments to income,
- Federal tax deduction,
- Standard or itemized deductions on the same basis as if the taxpayer were a resident of Iowa

The nonresident or part-year resident then completes a Schedule IA 126. On the IA 126, only Iowa income is reported and a percentage of Iowa income to total income is determined. The taxpayer receives a credit against the initial tax liability based on the percentage of income from outside Iowa. Therefore, the result of this credit is that only Iowa-source income is taxed. **NOTE**: The Iowa income percentage is rounded to the nearest ten-thousandth of a percent in accordance with Iowa Administrative Code rule 701—304.5. The final credit from this form is used as a credit to reduce total tax on your IA 1040.

Although non-Iowa income is used to calculate the initial tax liability at the appropriate tax rate, the non-Iowa income itself is not subject to tax. By using this method, Iowa taxes the Iowa-source income of nonresidents and part-year residents at the same rate it taxes Iowa residents. Iowa, like many states and the federal government, uses a graduated tax rate system based on level of income

A nonresident of Iowa with all-source income of $250,000 and $10,000 of Iowa income, will use the same tax rate as an Iowa resident with $250,000 of income to calculate their initial tax liability, rather than using the same tax rate as an Iowa resident with $10,000 of total income.

Enter the amount of your nonresident or part-year resident tax credit from Schedule IA 126, line 33. A copy of Schedule IA 126 and a copy of your federal return must be included.

You may owe less tax by using filing status 3 or 4.

General instructions for completing the IA 126:

Part-Year Iowa Residents:

Iowa net income includes all income received while living in Iowa plus any Iowa-source income received while a nonresident.

Part-Year Resident Example: A lived and worked in Iowa the first six months of the tax year. In addition to A's wages, A received interest income from an Iowa bank. A then permanently moved to Missouri, where A was employed for the rest of the year. A continued to receive interest income from the Iowa bank.

A will report all of her income from both states on the IA 1040 as all-source income. On the IA 126, A will report only the wages and interest income earned while an Iowa resident as Iowa-source income. The interest income earned the last half of the year is not considered Iowa-source income since A was no longer an Iowa resident.

Nonresidents:

Iowa net income will include all income from Iowa sources. Complete IA 126, lines 1 through 26 using only income from Iowa sources.

Nonresident Example 1: X is a resident of Nebraska and works in Iowa. X's income includes wages earned in Iowa and interest income from a Nebraska bank. X will report the wages and interest on the IA 1040 as all-source income. X will list his wages only on the IA 126 as his Iowa-source income.

Iowa has a reciprocal agreement with Illinois, which means that wages and salaries are taxed by the individual's state of residence. All income received from gambling in Iowa is taxable to Iowa regardless of the person's state of residence.

Nonresident Example 2: Y is a resident of Illinois. Y earned $25,000 in wages from Iowa and won $5,000 at an Iowa casino. Y will report income from all sources on the IA 1040. Only the gambling winnings will be reported on the IA 126 as Y's Iowa-source income.

Full-Year Residents (married filers check this box if one spouse is a full-year Iowa resident)

For married taxpayers, if one spouse is a full year Iowa resident, the full year Iowa resident must include all of that spouse's income from the IA 1040, lines 1-26.

Married Separate Filers:

Divide your Iowa income between spouses using the instructions given for the corresponding line on the IA 1040 for married separate filers.

1. Wages, Salaries, Tips, Etc.

Part-year residents:

Include all W-2 income earned or received while an Iowa resident, even if it was earned in another state, and any income for services performed in Iowa while a nonresident of the state. If it was earned in another state, you may also need to fill out the IA 130 if you pay tax to the other state or local jurisdiction in another state. You will need to check with that state for their filing requirements.

Nonresidents:
Report only Iowa-source income. If the portion of employee compensation earned in Iowa by a nonresident is not reported separately, allocate the compensation based upon the number of days worked in Iowa to total work days.

Severance pay and vacation pay from Iowa employment are Iowa-source income even if the pay was received after leaving Iowa.

Note to nonresident military taxpayer:
As a result of federal legislation, the nonresident military taxpayer does not include military pay on the IA 126, line 1 (nor is it reported on the IA 1040). In general, this applies to active duty military and does not include the National Guard or reserve personnel.

Military spouses, please Iowa Tax Responsibilities of Servicemembers and their Spouses.

2. Taxable Interest Income

Part-year residents:
Report all interest shown on the IA 1040 that accrued while an Iowa resident and any interest received while a nonresident which was derived from a trade, business, or profession carried on within Iowa. Interest earned from an Iowa bank account is only considered Iowa-source income while the taxpayer is an Iowa resident.

Nonresidents:
Report only the interest derived from an Iowa trade, business, or profession.

3. Dividend Income

Part-year residents:
Report all dividends received while an Iowa resident and any dividends derived from an Iowa trade, business, or profession while a nonresident.

Nonresidents:
Report the dividends derived from an Iowa trade, business, or profession.

4. Alimony Received

Part-year residents:
Report all alimony or separate maintenance payments received while an Iowa resident.

Nonresidents:
Do not enter anything on this line.

5. Business Income or Loss

Part-year residents:
From the total business income or loss shown on the IA 1040, line 5, report the amount earned while an Iowa resident, and report any portion of the total business income or loss earned while a nonresident using the instructions for nonresidents given below.

Nonresidents:
Report the portion of business income or loss attributable to a trade, business, or profession carried on within Iowa. Include a supporting schedule showing Iowa gross receipts divided by total gross receipts for each business; multiply this ratio times the total net income from the corresponding business. A sale of goods is considered an Iowa sale if goods are delivered or shipped to a point within the state regardless of Freight on

Board (F.O.B.) point. A sale of a service is considered an Iowa sale if the recipient of the service receives benefit of the service in Iowa.

6. Capital Gain or (Loss)

Part-year residents:
Include 100% of the capital gain or loss from assets sold while an Iowa resident. In addition, capital gain or loss from assets sold while a nonresident of Iowa should be reported on the basis of the instructions for nonresidents that follow.

Nonresidents:
Include in Iowa income 100% of capital gain or loss from the following:

a. Sales of real or tangible personal property if the property was located in Iowa at the time of the sale; or
b. Sales of intangible personal property if the taxpayer's commercial domicile is in Iowa.

Note: You may have a gain here even if you have a net loss on the IA 1040.

7. Other Gains or (Losses)

Part-year residents:
Report 100% of gains or losses from assets sold or exchanged while an Iowa resident and any gains or losses from federal form 4797 while a nonresident if the property was located in Iowa at the time of sale or exchange.

Nonresidents:
Report any gains or losses from federal form 4797 if the property was located in Iowa.

Note: You may have a gain here even if you have a net loss on the IA 1040.

8. Taxable IRA Distributions

Part-year residents:
Report any taxable IRA distributions received while an Iowa resident.

Nonresidents:
Do not enter anything on this line.

9. Taxable Pensions and Annuities

Pension income is taxable to the state you live in when you receive it.

Part-year residents:
Report any pension and annuity income reported on the IA 1040, line 9 which was received while an Iowa resident. Do not include military retirement pay, since that is not reported on the IA 1040, line 9.

Nonresidents:
Do not enter anything on this line. Retirement income received by a nonresident is not taxable to Iowa even when it is from an Iowa source.

10. Rents, Royalties, Partnerships, Estates, Trusts, Etc.

Part-year residents:
Report all income shown on federal Schedule E that was earned or received while an Iowa resident. Also report all rents and royalties from Iowa sources and all Iowa partnership or S corporation income earned or received while a nonresident.

Nonresidents:
Report all rents and royalties from Iowa sources and all Iowa partnership or S corporation income. See instructions for allocation of business income on line 5 of this section.

11. Farm Income or (Loss)

Part-year residents:
Report all net farm income earned or received while an Iowa resident. Also report all net income from Iowa farm activities while a nonresident using the instructions for nonresidents given below.

Nonresidents:
Report the total net income from the Iowa farm activities. If farm activities were conducted both within and without Iowa, provide a separate schedule showing allocation of the income and expenses to Iowa.

12. Unemployment Compensation

Part-year residents:
Report all unemployment benefits received while an Iowa resident and those benefits received the rest of the year that relate to past employment in Iowa.

Nonresidents:
Report the unemployment benefits that relate to employment in Iowa. If the unemployment benefits relate to employment in Iowa and employment in another state, report the benefits to Iowa on the basis of the Iowa salaries and wages to the total salary and wages.

13. Gambling Winnings

Part-year residents:
Report any gambling winnings from the IA 1040, line 13 that were received while an Iowa resident or income from Iowa sources while a nonresident.

Nonresidents:
Report any gambling winnings from the IA 1040, line 13 that were received from Iowa sources.

14. Other Income

Part-year residents:
Report any income on the IA 1040, line 14 which was received while an Iowa resident or income from Iowa sources while a nonresident. This includes any federal nonconformity adjustments including the depreciation/section 179 adjustment from the IA 4562A.

Nonresidents:
Report all other income from Iowa sources. This includes the Bonus Depreciation and Section 179 Adjustment attributable to Iowa from the IA 4562A. Where this other income or adjustment relates to income allocated to Iowa on another line of this form, include such other income or adjustments in the same ratio as the income to which it relates was allocated to Iowa.

16. Payments to an IRA, Keogh, or SEP

Part-year residents:
Deduct the payments made to an IRA, Keogh, or SEP plan while an Iowa resident.

Nonresidents:
Deduct the payments made to an IRA, Keogh, or SEP plan in the ratio of Iowa earned income to total earned income.

17. Deductible Part of Self-employment Tax

Part-year residents:
Deduct the portion of the self-employment tax that is attributable to the self-employment income earned while an Iowa resident.

Nonresidents:
Deduct the portion of the amount allowed on your federal return in the ratio of your Iowa self-employment income to your total self-employment income.

18. Health Insurance Deduction

Part-year residents:
Self-employed: Enter 100% of the health insurance premiums paid by a self-employed individual while an Iowa resident.

Deducted through wages: Enter 100% of the health insurance premiums that were not withheld from your wages on a pretax basis while an Iowa resident.

Paid direct by taxpayer: Enter 100% of the health insurance premiums that you paid while an Iowa resident.

Excess advance premium tax credit repayment: Enter the amount from the federal 1040, Schedule 2, line 2 multiplied by your 2021 Iowa income percentage. If you filed a 2021 IA 126, your 2021 Iowa income percentage is shown on the 2021 IA 126, line 28. If you did not file a 2021 IA 126 because you were a resident of Iowa in 2021, your 2021 Iowa income percentage is 100%. If you did not file a 2021 IA 126 because you were a part-year resident or nonresident with no Iowa-source income in 2021, your 2021 Iowa income percentage is 0%.

Nonresidents:
Self-employed: Enter 100% of the health insurance premiums paid by a self-employed individual multiplied by the ratio of Iowa self-employment income to total self-employment income.

Deducted through wages: Enter 100% of the health insurance premiums that were not withheld from your wages on a pretax basis multiplied by the ratio of Iowa wages to total wages.

Paid direct by taxpayer: Multiply the health insurance premiums that you paid by the ratio of your Iowa-source net income on the IA 126, line 26 to total net income on the IA 1040, line 26. For this net income calculation, do not include line 18, the health insurance deduction in the above-referenced net income amounts.

Excess advance premium tax credit repayment: Enter the amount from the federal 1040, Schedule 2, line 2 multiplied by your 2021 Iowa income percentage. If you filed a 2021 IA 126, your 2021 Iowa income percentage is shown on the 2021 IA 126, line 28. If you did not file a 2021 IA 126 because you were a resident of Iowa in 2021, your 2021 Iowa income percentage is 100%. If you did not file a 2021 IA 126 because you were a part-year resident or nonresident with no Iowa-source income in 2021, your 2021 Iowa income percentage is 0%.

19. Penalty on Early Withdrawal of Savings

Part-year residents:

Deduct the amount of any penalty you were charged because you withdrew funds from your time savings deposit before its maturity while an Iowa resident. Also report any penalty you were charged while a nonresident using the instructions for nonresidents given below.

Nonresidents:

Deduct the amount of any penalty you were charged because you withdrew funds from your time savings deposit, derived from an Iowa trade, business, or profession. before its maturity.

20. Alimony Paid

Part-year residents:

Deduct alimony paid while an Iowa resident.

Nonresidents:

Deduct alimony paid in the ratio of Iowa gross income to total gross income.

21. Pension / Retirement Income Exclusion

Part-year residents:

If you qualify for this exclusion on the IA 1040, you may exclude the amount of taxable retirement income from IA 1040, line 21, which was received while an Iowa resident, up to a maximum of $6,000 (if filing status 1, 5, or 6) or $12,000 (if filing status 2, 3, or 4).

Nonresidents:

Iowa-source retirement income received by a nonresident is not taxable to Iowa. Therefore, you do not qualify to take this exclusion. Do not enter anything on this line.

22. Moving Expenses

Part-year residents who moved into Iowa:

Part-year residents who moved into Iowa can enter any moving expenses from IA 1040, line 22 that relate to the move to Iowa.

Part-year residents moving out of Iowa:

Part-year residents moving out of Iowa cannot take any deduction on this line.

Nonresidents:

Do not enter anything on this line.

23. Iowa Capital Gain Deduction for certain business/farm assets/ESOP stock ONLY

Enter 100% of qualifying capital gains deduction that are attributable to Iowa sources. See form IA 100 for instructions.

24. Other Adjustments

Deduct miscellaneous adjustments to income in the same ratio as the income to which the adjustment relates was allocated to Iowa.

26. Iowa Net Income

Subtract line 25 from line 15 and enter the difference on this line. If line 26 is $1,000 or more or you are subject to Iowa lump-sum or alternative minimum tax, complete lines 27 through 33. If line 26 is less than

$1,000 and you are not subject to Iowa lump sum or alternative minimum tax, you are not required to file an Iowa income tax return. Married taxpayers must combine their Iowa income amounts for purposes of the $1,000 filing threshold. However, if you had Iowa tax withheld and are requesting a refund, or if you choose to file an Iowa return even if you are not required to do so, enter 100% on line 29, complete the remainder of the schedule, and enter the credit amount on line 48, IA 1040.

32. Tax After Credits

Instead of subtracting line 31 from line 30, single taxpayers (filing status 1) who used the Tax Reduction Worksheet to calculate the amount on IA 1040, line 47 should enter the amount from IA 1040, line 47 on the IA 126, line 32.

Balance

Line: 49
Step: 9
Step Subject: Tax, Credits & Checkoff Contributions

Subtract the amount on line 48 from line 47. If less than or equal to zero, enter zero.

Out of State Tax Credit

Line: 50
Step: 9
Step Subject: Tax, Credits & Checkoff Contributions

For additional information on the Iowa out-of-state tax credit, see Iowa Administrative Code rules 701—304.6 and 701—304.7.

Who May Use the IA 130?

Only Iowa residents or part-year residents with an income tax liability outside of Iowa, local jurisdiction outside of Iowa, or foreign country may reduce their Iowa tax liability by claiming an Iowa Out-of-State Tax Credit.

Part-year residents of Iowa may claim this credit only if any income earned while an Iowa resident was also taxed by another state, local jurisdiction outside of Iowa, or foreign country. Only income included on the IA 126, and taxed by another state, local jurisdiction outside of Iowa, or foreign country, may qualify for this credit.

Nonresidents of Iowa may NOT claim this credit.

Caution: Shareholders of S corporations who have income from the corporation that was apportioned outside Iowa through a claim to the IA 134 S Corporation Apportionment Tax Credit may NOT claim an out-of-state credit on this S corporation income.

Filing Requirements

Complete a separate IA 130 for each state, local jurisdiction outside of Iowa, or foreign country. Individuals using filing status 3 (married filing separately on a combined return) or status 4 (married filing separate returns) must complete a separate IA 130 for the spouse for each state, local jurisdiction outside of Iowa, or foreign country. Separate IA 130s are not required for foreign taxes paid by mutual funds or other regulated investment companies. The credit or portion of the credit must not exceed the amount of the Iowa tax imposed on the same income that was taxed by the other state, local jurisdiction outside of Iowa, or foreign country.

When filing your IA 1040, include all IA 130 schedules, the income tax return you filed with the other state, local jurisdiction outside of Iowa, or foreign country, the supplemental schedule that was provided by your pass-through entity if you are claiming income taxes paid by your pass-through entity, and federal form 1116, Foreign Tax Credit, if you are claiming income taxes paid to a foreign country and it is required with your federal return.

Alternative Minimum Tax or Lump-Sum Distribution Tax

Do not include any alternative minimum tax or special lump-sum distribution tax when computing this credit for regular income tax paid. You must compute this credit separately for regular income tax, alternative minimum tax, and special lump-sum distribution tax. For more information, see the special instructions for minimum tax or lump-sum distribution tax at the end of these instructions.

Line Instructions for IA 130

Line 1: Enter the income you earned while an Iowa resident that was taxed by Iowa and taxed by the other state, local jurisdiction outside of Iowa, or foreign country. Do not include income that was not taxed by Iowa. Do not include amounts taxed by another state, local jurisdiction outside of Iowa, or foreign country if that tax is not measured by income. Do not include fees, penalty, and interest paid in connection with the income tax.

If you were subject to income tax in the other jurisdiction, this income will be included on the income tax return you filed with that jurisdiction. Include a copy of that other income tax return with your IA 1040.

If your distributive share of income from a pass-through entity was taxed by another state, local jurisdiction outside of Iowa, or foreign country but reported on a composite return, or if a pass-through entity was subject to an entity-level income tax outside of Iowa, local jurisdiction outside of Iowa, or foreign country on your distributive share of income also taxed by Iowa, your pro-rata share of this income will be identified on a schedule provided to you by your pass-through entity. If you do not receive such a schedule from your pass-through entity, you are not eligible to claim the Iowa Out-of-State Tax Credit. Include a copy of that schedule with your IA 1040.

If your mutual fund or other regulated investment company paid foreign income tax and passed the amount through to you, your share of this income will be identified on the Form 1099-DIV or similar statement provided to you. If you do not receive such a form or statement, you are not eligible to claim the Iowa Out-of-State Tax Credit.

If your income was taxed in other jurisdictions at more than one level (e.g., at the pass-through entity level and at the individual level) only include that income once on this line.

Caution: Do not include on this line any income from an S corporation, or reported to you by an S corporation, if you are claiming an IA 134 S Corporation Apportionment Tax Credit for that S corporation.

Line 2: If you are a full-year resident, enter your gross income from your IA 1040, line 15, for the same tax year you are claiming this credit. If you are a part-year resident, enter your gross income from your IA 126, line 15, for the same tax year you are claiming this credit.

Line 3: Round your percentage on line 3 to the nearest ten-thousandth of a percent, i.e. four digits to the right of the decimal place, as a percentage (e.g. 12.3456%). If the fifth digit to the right of the decimal place is 1-4, round down (e.g. 12.34564% becomes 12.3456%). If the fifth digit to the right of the decimal place is 5-9, round up (e.g. 12.34565% becomes 12.3457%). Do not exceed 100%.

Line 4: Enter your Iowa regular income tax, equal to the amount on your IA 1040, line 49, less your Iowa lump-sum tax on your IA 1040, line 40, and less your Iowa alternative minimum tax on your IA 1040, line 41. If zero or less, enter zero.

Line 6: Enter the income tax actually shown due and paid by you as calculated from the tax formula/tables on the other state, local jurisdiction outside of Iowa, or foreign country's tax return you filed, less any nonrefundable credits, and less any refundable credit provided to you for entity-level taxes paid by a pass-through entity (see example for line 7 below). This is not the amount withheld from your wages or paid as estimated income tax payments, and does not include taxes deemed to be paid to another jurisdiction for purposes of computing the federal foreign tax credit on your federal form 1116.

Caution: Do not include on this line any income tax paid on any income from an S corporation if you are claiming an IA 134 S Corporation Apportionment Tax Credit for that S corporation.

Line 7: If your distributive share of income from a pass-through entity was taxed by another state, local jurisdiction outside of Iowa, or foreign country but reported on a composite return, or if a pass-through entity was subject to an entity-level income tax outside of Iowa, local jurisdiction outside of Iowa, or foreign country on your distributive share of income also taxed by Iowa, your pro-rata share of this income tax will be identified on a schedule provided to you by your pass-through entity. Enter your reported pro-rata share of the income tax on this line. This will be your pro-rata share of the income tax actually shown due and paid by the pass-through entity as calculated from the tax formula/tables on the other state, local jurisdiction outside of Iowa, or foreign country's tax return filed by the pass-through entity, less any nonrefundable credits. This is not the amount withheld or paid as estimated income tax payments. However, if you receive a refundable tax credit in the other state, local jurisdiction outside of Iowa, or foreign country for all or part of the entity-level income tax paid by a pass-through entity, the amount of the refund attributable to that refundable credit reduces the income tax paid by the pass-through entity.

Example: Individual B, a 50% owner of Partnership P doing business in State Z, receives a statement from Partnership P showing that P paid $500 of entity-level income tax to State Z, and B's pro-rata share of that income tax is $250. B also received a $250 refundable tax credit from State Z for B's share of the entity-level income tax paid by partnership P. B files an income tax return in State Z to report their pro-rata share of income from Partnership P and calculates tentative income tax of $200. B applies their $250 refundable tax credit against that tentative income tax, resulting in an income tax liability of $0 and a refund of $50. Therefore, B enters $0 on line 6 of the IA 130, and must also reduce her pro-rata share of the entity-level income tax paid by partnership P by $50 as reported on line 7. B enters $200 ($250 - $50) on line 7.

If you do not receive a schedule from your pass-through entity reporting your pro-rata share of composite return or entity-level income taxes paid to the other state, local jurisdiction outside of Iowa, or foreign country, you are not eligible to claim the Iowa Out-of-State Tax Credit. Include a copy of that schedule with your IA 1040. If your mutual fund or other regulated investment company paid foreign income tax and passed the amount through to you, your share of this income will be identified on the Form 1099-DIV or similar statement provided to you. If you do not receive such a form or statement, you are not eligible to claim the Iowa Out-of-State Tax Credit.

Caution: Do not include on this line any income tax paid by an S corporation, or reported to you by an S corporation, if you are claiming an IA 134 S Corporation Apportionment Tax Credit for that S corporation.

Line 10: Enter the total income taxed by the other state, local jurisdiction outside of Iowa, or foreign country. Do not include amounts taxed by another state, local jurisdiction outside of Iowa, or foreign country if that tax is not measured by income. Do not include fees, penalty, and interest paid in connection with the income tax.

Line 11: Round your percentage on line 11 to the nearest ten-thousandth of a percent, i.e. four digits to the right of the decimal place, as a percentage (e.g. 12.3456%). If the fifth digit to the right of the decimal place is 1-4, round down (e.g. 10.41864% becomes 10.4186%). If the fifth digit to the right of the decimal place is 5-9, round up (e.g. 10.43545% becomes 10.4355%). Do not exceed 100%.

Special Instructions for Minimum Tax or Lump-Sum Distribution Tax

Compute Separately: If you were assessed an alternative minimum tax or a special tax on a lump-sum distribution by another state or local jurisdiction outside of Iowa on items similarly taxed on your Iowa return, you must separately compute an out-of-state credit for each of these items. Do not include alternative minimum tax or a special lump-sum tax when computing the regular tax credit. Please write "Alternative Minimum Tax" or "Lump-sum Tax" next to the amount on line 6 of the IA 130.

Minimum Tax: Report the amount of preference items taxed by the other state or local jurisdiction outside of Iowa on line 1. However, a preference item may be included in line 1 only if it is also a preference item for Iowa purposes. Enter on line 2 the amount of Iowa preference items. Report on line 4 the alternative minimum tax figure from IA 1040, line 41. On line 6 or 7, as appropriate, report only the portion of the alternative minimum tax liability from the other state or local jurisdiction outside of Iowa which applies to preference items which were also taxed by Iowa.

Lump-sum Distribution: Report on line 1 the amount of distribution subject to special lump-sum tax by the other state. Do not include a distribution taxed by the other state or local jurisdiction outside of Iowa as part of gross income. Enter on line 2 the total lump-sum distribution taxed by Iowa. Report on line 4 the Iowa Lump-sum Distribution Tax from IA 1040, line 40.

Example 1: Full-Year Iowa Residents Only

Taxpayer X lived in Iowa all year but worked in both Iowa and Nebraska. X earned $10,000 in Iowa. X also earned $15,000 in Nebraska that was taxed by Nebraska. Taxpayer X would report $25,000 on line 15 of the IA 1040 as gross income. IA 1040, line 49 would be $903. On the Nebraska state return the tax imposed* on that income was $450.

1. Amount of gross income earned while an Iowa resident that was taxed by Iowa and taxed by the other state, local jurisdiction outside of Iowa, or foreign country.	$15,000
2. Gross taxable income for residents from IA 1040, line 15.	$25,000
3. Divide line 1 by line 2 and enter the percentage (not to exceed 100.0%)	60.0000%
4. Tax from IA 1040, line 49 (less lump sum tax and minimum tax)	$903
5. Multiply line 4 by percentage on line 3	$542
6. Enter the tax imposed* by the other state, local jurisdiction outside of Iowa, or foreign country, and paid by you	$450
7. Enter the income tax imposed** by the other state, local jurisdiction outside of Iowa, or foreign country, and paid by your pass-through entity or mutual fund	$0
8. Enter the sum of lines 6 and 7	$450
9. Enter the small of lines 5 or 8. This is your out-of-state tax credit. Enter this amount on IA 1040, line 50	$450

*“Tax imposed” is the income tax calculated from the tax formula/tables on the other state, local jurisdiction outside of Iowa, or foreign country's tax return, less any nonrefundable credits, and less any refundable credit for entity-level taxes paid by a pass-through entity. Do not reduce this figure by the tax withheld or estimated tax payment made to the other state, local jurisdiction outside of Iowa, or foreign country.

**”Tax imposed” is your pro-rata share of the income tax of the pass-through entity calculated from the tax formula /tables on the other state, local jurisdiction outside of Iowa, or foreign country’s tax return filed by the pass-through entity, less any nonrefundable credits of the pass-through entity, and less any refund attributable to a refundable credit provided to you for entity level taxes paid by a pass-through entity. Do not reduce this figure by the tax withheld or estimated tax payment made to the other state, local jurisdiction outside of Iowa, or foreign country.

Example 2: Part-year Iowa Residents Only

Taxpayer Y lived in Iowa until the end of June. On July 1, Y moved to Missouri. Y worked all year in the state of Missouri. Y earned a salary of $30,000 for the year, $15,000 while residing in Iowa and $15,000 while residing in Missouri. Y also earned $10,000 farm rental income from farmland located in Iowa. IA 1040, line 49 would be $1,094. On the Missouri state return, the tax imposed* on that income was $1,000.

1. Amount of gross income earned while an Iowa resident that was taxed by Iowa and taxed by the other state, local jurisdiction outside of Iowa, or foreign country.	$15,000
2. Gross taxable income for part-year residents from IA 126, line 15	$25,000
3. Divide line 1 by line 2 and enter the percentage (not to exceed 100.0%)	60.0000%
4. Tax from IA 1040, line 49 (less lump sum tax and minimum tax)	$1,094
5. Multiply line 4 by percentage on line 3	$656
6. Enter the tax imposed* by the other state, local jurisdiction outside of Iowa, or foreign country and paid by you	$1,000
7. Enter the tax imposed** by the other state, local jurisdiction outside of Iowa, or foreign country and paid by your pass-through entity or mutual fund	$0
8. Enter the sum of lines 6 and 7	$1,000
9. N/A	
10. Enter the total amount of gross income taxed by the other state, local jurisdiction outside of Iowa, or foreign country.	$30,000
11. Divide line 1 by line 10 and enter the percentage (not to exceed 100.0%)	50.0000%
12. Multiply line 8 by the percentage on line 11.	$500
13. Enter the smaller of line 5 or 12. This is your out-of-state tax credit. Enter this amount on IA 1040, line 57.	$500

*“Tax imposed” is the income tax calculated from the tax formula / tables on the other state, local jurisdiction outside of Iowa, or foreign country's tax return, less any nonrefundable credits, and less any refundable credit for entity-level taxes paid by a pass-through entity. Do not reduce this figure by the tax withheld or estimated tax payment made to the other state, local jurisdiction outside of Iowa, or foreign country.

**”Tax imposed” is your pro-rata share of the income tax of the pass-through entity calculated from the tax formula/tables on the other state, local jurisdiction outside of Iowa, or foreign country’s tax return filed by the pass-through entity, less any nonrefundable credits of the pass-through entity, and less any refund attributable to a refundable credit provided to you for entity level taxes paid by a pass-through entity. Do not reduce this figure by the tax withheld or estimated tax payment made to the other state, local jurisdiction outside of Iowa, or foreign country.

Balance (Line 51)

Line: 51
Step: 9
Step Subject: Tax, Credits & Checkoff Contributions

Subtract the amount on line 50 from the amount on line 49. If less than zero, enter zero.

Other Nonrefundable Iowa Credits

Line: 52
Step: 9
Step Subject: Tax, Credits & Checkoff Contributions

Enter the total of the credits from Part I of the IA 148 Tax Credits Schedule. IA 148 Tax Credits Schedule (pdf) must be completed. Your credit claim may be denied if the IA 148 Tax Credits Schedule, or any other required tax credit schedule, is not included with your return.

Agricultural Assets Transfer Tax Credit

An Agricultural Assets Transfer Tax Credit is available for established farmers who lease agricultural assets to beginning farmers to claim against individual and corporation income tax. The agricultural asset transfer tax credit application must have been submitted to the Iowa Agricultural Development Division before May 21, 2019.

The tax credit is only allowed for agricultural assets that are subject to a lease or rental agreement for a term of at least two years, but not more than five years. The taxpayer must meet certain qualifications as established by rules adopted by the Iowa Finance Authority. The beginning farmer must meet the requirements listed in Iowa Code section 16.80 (2019).

The tax credit equals 5% of the amount paid to the taxpayer under a cash rent agreement or 15% of the crop share payments under an agreement in which the payment is exclusively made from the sale of crops or animals.

A tax credit certificate is issued by the Iowa Agricultural Development Division of the Iowa Finance Authority that includes the tax credit certificate number which must be reported on the IA 148 Tax Credits Schedule when the tax credit is claimed using tax credit code 17. Any tax credit in excess of tax liability, if awarded in tax year 2008 or later can be carried forward and applied against tax liability for the following ten years or until depleted, whichever is earlier. A tax credit is not transferable to any other person other than the taxpayer's estate or trust upon the taxpayer's death. If the tax credit is issued to a partnership, limited liability company, S corporation, estate, or trust, the tax credit shall be claimed by the individual based on the pro rata share of the income of the entity.

The lease or rental agreement may be terminated by either the taxpayer or the beginning farmer. If the Iowa Agricultural Development Division determines that the taxpayer is not at fault for the termination, the Division will not issue a tax credit certificate for subsequent years, but any prior tax credit certificates issued will be allowed. If the Division determines that the taxpayer is at fault for the termination, any prior tax credit certificates issued will be disallowed, and the tax credits can be recaptured by the Department of Revenue.

Iowa Code sections 16.80 and 422.11M (2019)

Angel Investor Tax Credit

An Angel Investor Tax Credit, formerly known as Venture Capital Business Tax Credit, equaled 20% of a qualifying investment that is administered by the Iowa Economic Development Authority for investments made prior to July 1, 2015. Effective for investments made on or after July 1, 2015, the tax credit increased to 25% of the equity investment made in a qualifying business and became refundable when claimed against the individual income tax (see line 62 instructions). For other tax types, any tax credit in excess of the tax liability may be carried forward and applied against tax liability for the following three years or until depleted, whichever is earlier.

When the nonrefundable tax credit is awarded, the taxpayer receives a tax credit certificate number that must be reported on the IA 148 Tax Credits Schedule when the tax credit is claimed using tax credit code 14.

Iowa Code sections 15E.43 and 422.11F(1)

Beginning Farmer Tax Credit

For tax years beginning on or after January 1, 2019, a beginning farmer tax credit is available for established farmers who lease agricultural assets to beginning farmers. The tax credit is available to the established farmer against individual and corporation income tax.

The tax credit is only allowed for agricultural assets that are subject to a lease or rental agreement for a term of at least two years, but not more than five years, and that meets certain requirements listed in Iowa Code section 16.79A, and in administrative rules adopted by the Iowa Finance Authority. The taxpayer and the beginning farmer must meet certain qualifications listed in Iowa Code section 16.79, and in administrative rules adopted by the Iowa Finance Authority.

The tax credit equals 5% of the amount paid to the taxpayer under a cash rent agreement or 15% of the crop share payments under the agreement using the formula established in administrative rule by the Iowa Finance Authority. If the agreement is made on a flexible basis, the tax credit equals the same 5/15 percent calculation and an additional calculation may be made to the extent the rent payment is adjusted after taking into account all risk-sharing factors provided in the agreement. The Iowa Finance Authority will establish criteria for commonly used risk-sharing factors and adjustment limits.

Applications and tax credit awards are reviewed by the Agricultural Development Board. Tax credit certificates issued by the Iowa Agricultural Development Division of the Iowa Finance Authority pursuant to a tax credit award include the tax credit certificate number which must be reported on the IA 148 Tax Credits Schedule when the tax credit is claimed using tax credit code 17. Any tax credit in excess of tax liability can be carried forward and applied against tax liability for the following ten years or until depleted, whichever is earlier. A tax credit is not transferable to any other person other than the taxpayer's estate or trust upon the taxpayer's death. If the tax credit is issued to a partnership, limited liability company, S corporation, estate, or trust, the tax credit shall be claimed by the individual based on the individual’s pro rata share of the income of the entity.

The lease or rental agreement may be terminated by either the taxpayer or the beginning farmer. If the Iowa Agricultural Development Division determines that the taxpayer is not at fault for the termination, the Division will not issue a tax credit certificate for subsequent years, but any prior tax credit certificates issued will be allowed. If the Division determines that the taxpayer is at fault for the termination, tax credits claimed for the year during which the termination occurs will be disallowed and recaptured by the Department of Revenue.

Iowa Code sections 16.77 through 16.82A, section 422.11E

Charitable Conservation Contribution Tax Credit

A Charitable Conservation Contribution Tax Credit is available for individual income and corporation income taxpayers equal to 50% of the fair market value of a qualified real property interest located in Iowa that is conveyed as an unconditional charitable donation in perpetuity by the taxpayer to a qualified organization exclusively for conservation purposes.

The maximum amount of the credit is $100,000. The amount of the contribution for which the tax credit is claimed is not deductible as an itemized deduction for Iowa income tax purposes.

The terms “conservation purpose,” “qualified organization,” and “qualified real property interest” mean the same as set forth in section 170(h) of the Internal Revenue Code. Any tax credit in excess of tax liability can be carried forward and applied against tax liability for the following 20 years or until depleted, whichever is earlier.

Taxpayers filing credit claims for the Charitable Conservation Contribution Tax Credit are required to include a copy of federal Form 8283 – Noncash Charitable Contribution with the Iowa return. If a qualified appraisal of the property or other relevant information is required to be included with the federal Form 8283 for federal tax purposes, the appraisal and other relevant information must also be included with the Iowa return. The credit claimed must be reported on the IA 148 Tax Credits Schedule using tax credit code 20.

Iowa Code section 422.11W

Custom Farming Contract Tax Credit

A Custom Farming Contract Tax Credit was available for landowners who hired a beginning farmer to do custom work during 2015-2017.

A tax credit certificate was issued by the Iowa Agricultural Development Division of the Iowa Finance Authority that includes the tax credit certificate number which must be reported on the IA 148 Tax Credits Schedule when the tax credit is claimed using tax credit code 24. Any tax credit in excess of tax liability can be carried forward and applied against tax liability for the following ten years or until depleted, whichever is earlier. If the tax credit was issued to a partnership, limited liability company, S corporation, estate, or trust, the tax credit shall be claimed by the individual based on the pro rata share of the income of the entity.

Iowa Code sections 16.78 through 16.82 and 422.11M (2017)

Endow Iowa Tax Credit

An Endow Iowa Tax Credit is equal to 25% of a taxpayer's endowment gift to a qualified community foundation. The gift must be for a permanent endowment fund established to benefit a charitable cause in Iowa. The Iowa Economic Development Authority is responsible for registering, authorizing, and controlling the distribution of these tax credits. The amount of the contribution cannot be taken as an itemized deduction for charitable contributions for Iowa income tax purposes.

Any tax credit in excess of tax liability can be carried forward and applied against tax liability for the following five years or until depleted, whichever is earlier.

A tax credit awarded to a partnership, limited liability company, S corporation, estate, or trust electing to have the income taxed to the individual, shall be claimed by the individual based on the pro rata share of the income of the entity. When the tax credit is awarded, the taxpayer receives a tax credit certificate number that must be reported on the IA 148 Tax Credits Schedule when the tax credit is claimed using tax credit code 03.

Iowa Code section 422.11H

Farm to Food Donation Tax Credit

A Farm to Food Donation Tax Credit can be claimed by a taxpayer who produces a food commodity and donates it to an Iowa food bank or an Iowa emergency feeding organization registered with the Iowa Department of Revenue. The donated food may not be damaged or out-of-condition and unfit for human consumption. A food commodity that meets the requirements for donated foods pursuant to the Federal Emergency Food Assistance Program satisfies this requirement. The tax credit can be claimed against individual and corporation income tax.

The tax credit equals 15% of the value of the food commodities donated in the tax year, when valued according to the federal guidelines for charitable contribution of food under Internal Revenue Code section 170(e)(3)(C), or $5,000, whichever is less. The amount of the contribution for which the tax credit is claimed is not allowed as an itemized deduction for Iowa income tax.

For a donation to be eligible, an Authorized Food Organization Receipt must be received from the food organization at the time of the donation. The taxpayer then must use those receipts to complete the IA 178 Farm to Food Donation Tax Credit Form and include that form with the taxpayer's return. Any tax credit in excess of tax liability can be carried forward and applied against tax liability for the following five years or until depleted, whichever is earlier. If the tax credit is issued to a partnership, limited liability company, S corporation, estate, or trust, the tax credit shall be claimed by the individual based on the pro rata share of the income of the entity.

Iowa Code section 422.11R

Franchise Tax Credit

Iowa imposes a franchise tax on all financial institutions. Therefore, the Franchise Tax Credit is allowed to avoid double taxation of income.

If a financial institution, as defined in section 581 of the Internal Revenue Code, elects to file as an S corporation for federal income tax purposes and therefore have its income taxed directly to the shareholders, those shareholders qualify for a Franchise Tax Credit. The Franchise Tax Credit is also available to members of a financial institution organized as a limited liability company.

The IA 147 must be used to calculate the credit and included with the return. Report the claim on the IA 148 Tax Credits Schedule using tax credit code 04.

The amount of any unused tax credit may not be carried forward and must be reflected as expired on the IA 148 Tax Credits Schedule.

Iowa Code section 422.11

Geothermal Heat Pump Tax Credit

Effective for installations between January 1, 2012 and December 31, 2016, and for installations after January 1, 2019, a Geothermal Heat Pump Tax Credit is available for individual income taxpayers equal to 20% of the federal residential energy efficient property tax credit allowed for geothermal heat pumps provided in section 25D(a)(5) of the Internal Revenue Code for residential property located in Iowa.

The federal credit is claimed on federal form 5695, Residential Energy Credits.

Beginning with 2019 installations, the geothermal tax credit is capped at $1 million total credits per year and is subject to award by the Iowa Department of Revenue. Tax credit applications must be submitted to the Iowa

Department of Revenue by May 1 of the year following the year of installation or the application will be denied. Applications must be submitted online at govconnect.iowa.gov.

For installations completed between 2012 and 2016, report the claim on the IA 148 Tax Credits Schedule using tax credit code 23. For installations completed in 2019 or later, the Iowa Department of Revenue will issue tax credit certificates to approved applicants which will have a unique certificate number. Tax credits must be reported on the IA 148 Tax Credits Schedule using tax credit code 23.

Any tax credit in excess of tax liability can be carried forward and applied against tax liability for the following ten years or until depleted, whichever is earlier.

Iowa Code section 422.11I (2018), Iowa Code section 422.11N

Geothermal Tax Credit

Effective for installations between January 1, 2017 and December 31, 2018, a Geothermal Tax Credit was available for individual income taxpayers equal to 10% of qualified expenditures on a geothermal heat pump on the taxpayer's residence. The equipment must meet the federal energy star program requirements in effect at the time the expenditure is made. A Geothermal Tax Credit is available for individual income taxpayers equal to 10% of qualified expenditures on a geothermal heat pump on the taxpayer's residence. The equipment must meet the federal energy star program requirements in effect at the time the expenditure is made.

The IA 140 must be used to calculate the credit and included with the return. Report the claim on the IA 148 Tax Credits Schedule using tax credit code 28. Any tax credit in excess of tax liability can be carried forward and applied against tax liability for the following ten years or until depleted, whichever is earlier.

Iowa Code section 422.10A (2018)

Hoover Presidential Library Tax Credit

A 25% tax credit is allowed for donations made to the Hoover Presidential Foundation for the Hoover Presidential Library and Museum Renovation Project Fund. The maximum amount granted to a person cannot exceed 5% of the aggregate amount of tax credits granted. 10% of the aggregate amount of tax credits authorized shall be reserved for those donations in amounts of $30,000 or less.

The Iowa Economic Development Authority is responsible for registering, authorizing, and controlling the distribution of these tax credits. The amount of the contribution cannot be taken as an itemized deduction for charitable contributions for Iowa income tax purposes.

Any tax credit in excess of tax liability can be carried forward and applied against tax liability for the following five years or until depleted, whichever is earlier.

A tax credit awarded to a partnership, limited liability company, S corporation, estate, or trust electing to have the income taxed to the individual, shall be claimed by the individual based on the pro rata share of the income of the entity.

When the tax credit is awarded, the taxpayer receives a tax credit certificate number that must be reported on the IA 148 Tax Credits Schedule when the tax credit is claimed using tax credit code 29.

Iowa Code sections 15E.364 and 422.11T

Housing Investment Tax Credit

For taxpayers approved by the Iowa Economic Development Authority under the Housing Enterprise Zone Program, a Housing Investment Tax Credit is available equal to 10% of the new investment directly related to

the building or rehabilitation of homes in an enterprise zone. The credit is based on a maximum of $140,000 for each single-family home or for each unit of a multiple dwelling. When the tax credit is awarded, the taxpayer receives a tax credit certificate number that must be reported on the IA 148 Tax Credits Schedule when the tax credit is claimed using tax credit code 06. Any tax credit in excess of tax liability can be carried forward and applied against tax liability for the following seven years or until depleted, whichever is earlier. If the tax credit is issued to a partnership, limited liability company, S corporation, estate, or trust, the tax credit shall be claimed by the individual based on the pro rata share of the income of the entity.

The program was eliminated effective July 1, 2014, and was replaced by the Workforce Housing Investment Tax Incentive Program.

Innovation Fund Tax Credit

An Innovation Fund Tax Credit equal to 25% of the taxpayer's equity investment in an innovation fund certified by the Iowa Economic Development Authority.

The Iowa Economic Development Authority issues tax credit certificates including a tax credit certificate number, that must be reported on the IA 148 Tax Credits Schedule when the tax credit is claimed using tax credit code 25. Any tax credit in excess of tax liability can be carried forward and applied against tax liability for the following five years or until depleted, whichever is earlier. The credit is transferable, but may only be transferred once. If the tax credit is issued to a partnership, limited liability company, S corporation, estate, or trust, the tax credit shall be claimed by the individual based on the pro rata share of the income of the entity.

Iowa Code sections 15E.52 and 422.11Z

Investment Tax Credit

An Investment Tax Credit of up to 10% of the qualifying investment in real property including any buildings and structures located on the real property, cost of machinery and equipment, and the cost of improvements to real property is available to an eligible business. An eligible business must be approved by the Iowa Economic Development Authority under the High Quality Jobs Program.

When the tax credit is awarded, the taxpayer receives a tax credit certificate with five tax credit certificate numbers that must be reported separately on the IA 148 Tax Credits Schedule when each tax credit is claimed using tax credit code 07. Any tax credit in excess of tax liability can be carried forward and applied against tax liability for the following seven years or until depleted, whichever is earlier. If the tax credit is issued to a partnership, limited liability company, S corporation, estate, or trust, the tax credit shall be claimed by the individual based on the pro rata share of the income of the entity.

Iowa Code sections 15.326 through 15.337 and 422.11F(2)

Iowa Alternative Minimum Tax Credit

The Iowa Alternative Minimum Tax Credit is available for taxpayers who paid Iowa alternative minimum tax in prior years based on tax preferences and adjustments. The credit is limited to the extent the regular tax exceeds the Iowa alternative minimum tax in a prior tax year and cannot be claimed in any tax year in which Iowa alternative minimum tax is owed. Unused credits may be carried forward through tax year 2023. This tax credit is repealed on January 1, 2024, for tax years beginning on or after that date. Compute the tax credit using form IA 8801 and include that form with the IA 1040. Report the claim on the IA 148 Tax Credits Schedule using tax credit code 09.

Iowa Code section 422.11B

New Jobs Tax Credit

A new business or an existing business that has increased employment by at least 10% and has a 260E job training agreement with a community college, may qualify for a New Jobs Tax Credit. The credit can be claimed one time for each new job created as a result of the 260E contract or jobs directly related to those jobs in a tax year when the contract is active and the job growth requirement is met. The New Jobs Tax Credit equals the smaller of 6% of the taxable wages that the employer is required to contribute to the State unemployment compensation fund or 6% of the wages paid to the employees in the eligible jobs.

Compute this credit on form IA 133 and include that form with the IA 1040. When the 260E contract is signed, the taxpayer receives a tax credit certificate number that must be reported on the IA 148 Tax Credits Schedule when the New Jobs Tax Credit is claimed using tax credit code 08.

For 2022, this tax credit equals up to $2,088 ($34,800 maximum wages times 6%) for each job created. Any tax credit in excess of tax liability can be carried forward and applied against tax liability for the following ten years or until depleted, whichever is earlier. If the tax credit is issued to a partnership, limited liability company, S corporation, estate, or trust, the tax credit shall be claimed by the individual based on the pro rata share of the income of the entity.

Iowa Code section 422.11A

Redevelopment Tax Credit

A Redevelopment Tax Credit equals a percentage of the qualifying investment in redeveloping a brownfield or grayfield site. A brownfield site is defined as an abandoned, idled, or underutilized industrial or commercial facility where expansion or redevelopment is complicated by real or perceived environmental contamination. A grayfield site is defined as a property that has been developed and has infrastructure in place but the property's current use is outdated or prevents a better or more efficient use of the property. Such property includes vacant, blighted, obsolete, or otherwise underutilized property. A higher tax credit rate is available if the redevelopment meets established “green development” standards. Projects must first apply to the Iowa Economic Development Authority to be considered for an award allocation during the annual application process. When the tax credit is awarded, the taxpayer receives a tax credit certificate number that must be reported on the IA 148 Tax Credits Schedule when the tax credit is claimed using tax credit code 21.

Any tax credit in excess of tax liability can be carried forward and applied against tax liability for the following five years or until depleted, whichever is earlier. The Redevelopment Tax Credit can be transferred to any person or entity. Non-profit applicants can receive a refundable, but nontransferable, tax credit, in that case the tax credit is claimed on the IA 148 using tax credit code 67. If the tax credit is issued to a partnership, limited liability company, S corporation, estate, or trust, the tax credit shall be claimed by the individual based on the pro rata share of the income of the entity.

Note: For Iowa income tax purposes, the increase in the basis of the redeveloped property that would otherwise result from the qualified redevelopment costs will be reduced by the amount of the tax credit received.

Iowa Code sections 15.291,15.293A, 15.293B, 15.294, and 422.11V

Renewable Energy Tax Credit

A producer or purchaser of renewable energy from a facility approved by the Iowa Utilities Board is entitled to a Renewable Energy Tax Credit equal to 1.5 cents per kilowatt hour of electricity, or $4.50 per million BTUs of heat, refuse-derived fuel, methane gas, or other biogas; or $1.44 per 1,000 standard cubic feet of hydrogen fuel.

The facilities approved cannot exceed 363 megawatts of nameplate generating capacity related to wind energy facilities, 63 megawatts of capacity for all other facilities, and 167 billion BTUs of heat related to other facilities. Of those 63 megawatts, 10 megawatts are reserved for solar facilities contracted or owned by certain utility companies.

Small wind energy systems operating in a small wind innovation zone are eligible for the renewable energy tax credit of 1.5 cents per kilowatt-hour of electricity. The small wind energy system must have a nameplate generating capacity of 100 kilowatts or less.

A political subdivision of the state of Iowa, including but not limited to a city, county, township, school district, community college, area education agency, institution under the control of the state board of regents, or any other local commission, association, or tribal council can seek approval from the Iowa Utilities Board to set up a small wind innovation zone.

When the tax credit is awarded by the Iowa Department of Revenue, the taxpayer receives a tax credit certificate number that must be reported on the IA 148 Tax Credits Schedule when the tax credit is claimed using tax credit code 10. Any tax credit in excess of tax liability can be carried forward and applied against tax liability for the following seven years or until depleted, whichever is earlier. The credit can be transferred to any person or entity one time. A producer or purchaser can receive the tax credit certificates for a ten-year period beginning the date the purchaser first purchases eligible energy or the date the producer first uses the energy for on-site consumption.

Iowa Code chapter 476C and Iowa Code sections 422.11J and 476.48

S Corporation Apportionment Tax Credit

Individual resident shareholders of S corporations that conduct business within and without Iowa can claim an S Corporation Apportionment Tax Credit. The tax credit is structured so that the S corporation is taxed on the greater of income attributable to Iowa under the single sales factor or actual distributions by the S corporation less federal income tax. If the taxpayer chooses to apportion income using the S Corporation Apportionment Tax Credit, the Out-of-State Tax Credit cannot be claimed for any taxes paid on income received from that S corporation.

Complete form IA 134 and include with the IA 1040. Report the claim on the IA 148 Tax Credits Schedule using tax credit code 11. The amount of any unused tax credit may not be carried forward and must be reflected as expired on the IA 148 Tax Credits Schedule.

Iowa Code section 422.8(2)(b)

School Tuition Organization Tax Credit

A School Tuition Organization Tax Credit is equal to 75% of the amount of a contribution made by a taxpayer to a school tuition organization. The amount of the contribution cannot be taken as an itemized deduction for charitable contributions for Iowa income tax purposes. A school tuition organization must be a charitable organization in Iowa that is exempt from federal taxation under section 501(c)(3) of the Internal Revenue Code that allocates at least 90% of its annual revenue in tuition grants for children who reside in Iowa to allow them to attend a qualified school of their parents' choice. The contribution cannot be used for the direct benefit of any dependent of the taxpayer or any other student designated by the taxpayer.

When the tax credit is awarded by a school tuition organization, the taxpayer receives a tax credit certificate number that must be reported on the IA 148 Tax Credits Schedule when the tax credit is claimed using tax

credit code 12. The tax credit shall be claimed in the tax year during which the contribution is made. Any tax credit in excess of the tax liability can be carried forward and applied against tax liability for the following five years or until depleted, whichever is earlier. If the tax credit is issued to a partnership, limited liability company, S corporation, estate, or trust, the tax credit shall be claimed by the individual based on the pro rata share of the income of the entity.

Married taxpayers who file separate returns or separately on a combined return must allocate the tax credit between the spouses in the ratio of each spouse's net respective net income to the combined net income of the taxpayers.

NONRESIDENTS AND PART-YEAR RESIDENTS

Special rules apply to nonresidents and part-year residents, including those who are claiming a tax credit of a partnership, limited liability company, S corporation, estate, or trust of which they are a member. Nonresidents or part-year residents of Iowa must determine their tax credit in the ratio of their Iowa source net income to their all source net income. Nonresidents or part-year residents who are married and elect to file separate returns or to file separately on a combined return must allocate the tax credit between the spouses in the ratio of each spouse's Iowa source net income to the combined Iowa source net income of the taxpayers. For more specific information see Iowa Code section 422.11S(4).

Nonresidents and part-year residents must adjust the school tuition organization tax credit using the following steps:

1. Divide Iowa net income (IA 126, line 26) by all-source net income of you and spouse (IA1040, line 26).
2. Multiply Step 1 above by the amount of tax credit shown on the tax credit certificate.
3. Enter this amount in column D on Part I of the IA 148.
4. Enter the difference between the award and what was entered in column D into column G; this amount of the tax credit is considered expired in the tax year of the award and cannot be claimed.

Iowa Code section 422.11S

Solar Energy System Tax Credit

A Solar Energy System Tax Credit is available for the installation costs of solar energy systems in Iowa. In order to claim the tax credit, an application must be completed by May 1 of the year following the year of installation and a tax credit certificate received from the Iowa Department of Revenue. Applications must be submitted online at govconnect.iowa.gov. The Department cannot award more than $5 million in solar energy system tax credits per calendar year.

The Solar Energy System Tax Credit is not available for residential installations completed on or after January 1, 2022. For business installations, the Solar Energy System Tax Credit is equal to 50% of the federal energy property tax credit related to solar energy equipment in section 48(a)(2)(A)(i)(II) of the Internal Revenue Code. The Iowa tax credit for business installations cannot exceed $20,000.

The federal business credit, and thus the Iowa business credit, is available for property if construction begins on the property before January 1, 2022. The federal business credit is claimed on federal form 3468, Investment Credit.

When the tax credit is awarded by the Iowa Department of Revenue, the taxpayer receives a tax credit certificate number that must be reported on the IA 148 Tax Credits Schedule when the tax credit is claimed using tax credit code 22. Any tax credit in excess of tax liability may be carried forward and applied against tax

liability for the following ten years or until depleted, whichever is earlier. If the tax credit is awarded to a partnership, limited liability company, S corporation, estate, or trust, the tax credit shall be claimed by the individual based on the pro rata share of the income of the entity.

Taxpayers who claim this credit are not eligible to receive an award of a Renewable Energy Tax Credit for solar energy production under Iowa Code chapter 476C.

Iowa Code sections 422.11L and 476C.2

Third Party Developer Tax Credit

Taxpayers who are approved by the Iowa Economic Development Authority under the High Quality Jobs Program can be awarded a Third Party Developer Tax Credit for certain sales taxes paid in completion of a High Quality Jobs Program project.

When the tax credit is awarded, the taxpayer must submit an application to the Department of Revenue within one year of project completion date. Upon approving the claim, the Department of Revenue issues another tax credit certificate for the final amount of credit that can be claimed based on the submitted contractor's statements and invoices, up to the award amount as either a refundable or nonrefundable credit, based on the designation requested by the taxpayer. The taxpayer then claims the credit using its tax credit certificate number that must be reported on the IA 148 Tax Credits Schedule when the tax credit is claimed using tax credit code 46 or 47 (see certificate for which code applies). Any tax credit in excess of tax liability may be carried forward and applied against tax liability for the following seven years or until depleted, whichever is earlier. If the tax credit is earned by a partnership, limited liability company, S corporation, estate, or trust, the tax credit shall be claimed by the individual based on the pro rata share of the income of the entity.

Wind Energy Production Tax Credit

A Wind Energy Production Tax Credit is equal to one cent per kilowatt-hours of electricity sold or used for on-site consumption by a wind energy production facility approved by the Iowa Utilities Board. Approved facilities must have been placed in service on or after July 1, 2005, but before July 1, 2012, to qualify for the tax credit and the aggregate of approved facilities are limited to 50 megawatts of nameplate capacity.

For applications filed on or after March 1, 2008, the facility must also consist of one or more wind turbines connected to a common gathering line which has a combined nameplate capacity of no less than two megawatts and no more than 30 megawatts.

When the tax credit is awarded by the Iowa Department of Revenue, the taxpayer receives a tax credit certificate number that must be reported on the IA 148 Tax Credits Schedule when the tax credit is claimed using tax credit code 16. The Wind Energy Production Tax Credit is transferable.

Any tax credit in excess of tax liability can be carried forward and applied against tax liability for the following seven years or until depleted, whichever is earlier. In cases where the applicant is a partnership, limited liability company, S corporation, estate, trust, or other reporting entity which elects to have income taxed directly to an individual and the applicant is also eligible to receive renewable electricity production tax credits authorized under section 45 of the Internal Revenue Code, the credit does not have to be based upon the individual's pro rata share of earnings from the entity.

Iowa Code chapter 476B and Iowa Code section 422.11J

Workforce Housing Investment Tax Credit

The Workforce Housing Tax Incentives Program replaced the Housing Enterprise Zone Program effective July 1, 2014, offering a tax credit on investment in housing related to acquisition, repair, or redevelopment of a housing project, or related to new construction of housing in a distressed workforce housing community. The project must be approved by the Iowa Economic Development Authority prior to investment. The Workforce Housing Investment Tax Credit award is limited to 10% of $150,000 for each home or individual unit that is part of the housing project, or 20% of such amount if the housing project is located in a small city or certain declared disaster areas. The program contains other requirements related to qualifying housing projects and maximum tax incentives. When the tax credit is awarded, the taxpayer receives a tax credit certificate number that must be reported on the IA 148 Tax Credits Schedule when the tax credit is claimed using tax credit code 27. Any tax credit in excess of tax liability can be carried forward and applied against tax liability for the following five years or until depleted, whichever is earlier. If the tax credit is issued to a partnership, limited liability company, S corporation, estate, or trust, the tax credit shall be claimed by the individual based on the pro rata share of the income of the entity. The Workforce Housing Investment Tax Credit is transferable to any person or entity.

Note: For Iowa income tax purposes, the increase in the basis of the housing property that would otherwise result from the qualified investment will be reduced by the amount of the tax credit received.

Iowa Code sections 15.351 through 15.356 and 422.11C

Balance

Line: 53
Step: 9
Step Subject: Tax, Credits & Checkoff Contributions

Subtract line 52 from line 51 and enter the total on line 53. If less than zero, enter zero.

School District Surtax / Emergency Medical Services Tax

Line: 54
Step: 9
Step Subject: Tax, Credits & Checkoff Contributions

School District Surtax

The applicable school district is the one in which you resided on the last day of the tax year (12/31/2022 for calendar-year filers), not necessarily the district where your children attend school. Taxpayers without children, or without children in public school, are still subject to this tax.

Your school district may not be the same as the name of your town. If you do not know your school district name, you can find it on your voter registration card, or by going to tax-mapper.iowa.gov and using the “school surtax” option.

Multiply the amount on line 53 by the surtax rate and enter the result.

Residents of school districts that do not have a surtax should enter zero on line 54.

Emergency Medical Services (EMS) Surtax

Counties may impose a countywide Emergency Medical Services (EMS) income surtax. At this time, Appanoose is the only county that has an EMS surtax. The EMS surtax is included in the school district surtax list.

Itemized Deductions

If you itemize, you may claim the school district surtax / EMS surtax shown on your 2021 Iowa income tax return as an itemized deduction on the 2022 Iowa Schedule A, line 4.

Total State and Local Tax

Line: 55
Step: 9
Step Subject: Tax, Credits & Checkoff Contributions

Add lines 53 and 54 and enter the total on line 55.

Total State and Local Tax Before Contributions

Line: 56
Step: 9
Step Subject: Tax, Credits & Checkoff Contributions

Add the amounts in columns A and B on line 55 and enter the total on line 56.

Contributions

Line: 57
Step: 9
Step Subject: Tax, Credits & Checkoff Contributions

Enter your voluntary contributions to any of the following checkoffs on lines 57a, 57b, 57c, and 57d. Please note that you may contribute to any of the checkoffs regardless of whether you are entitled to a refund or owe additional taxes, but your contribution will reduce your refund or add to the amount you owe. Your contribution will qualify as a charitable contribution on your 2023 return if the 2022 return is filed during the 2023 calendar year. If you file an amended return, you cannot change your original contribution.

57a. Fish and Wildlife Fund - Chickadee Checkoff

You may contribute any amount of $1 or more to the Iowa Fish and Wildlife Protection Fund. Your contribution through this checkoff is the primary support for Iowa's Wildlife Diversity Program which monitors, researches and manages the state's nongame species of wildlife. According to the Natural Resource Commission policy, 100% of the money donated to this program goes to the Wildlife Diversity Program. Learn more at Iowa DNR Wildlife.

57b. Iowa State Fair Foundation - Corndog Checkoff

You may contribute any amount of $1 or more to this fund. The proceeds from this checkoff will be added to other sources such as gifts, donations, and bequests to be used by the Iowa State Fair Blue Ribbon Foundation to fund capital projects and improvements to property on the Iowa State Fairgrounds. Learn more at Blue Ribbon Foundation.

57c. Firefighter Preparedness Fund and Veterans Trust Fund

You may contribute any amount of $1 or more to these funds. The Firefighter Preparedness Fund is used to train Iowa's firefighters. The money collected offsets the financial burdens that many fire departments deal with when it comes to ensuring their firefighters are adequately trained in all facets of emergency response. Learn more at **Iowa Firefighters Association**.

The Veterans Trust Fund assists veterans with job training, expenses related to facility or at-home care, individual or family counseling, and other services. Learn more at **Veterans Trust Fund**.

The amounts contributed to the joint Firefighter Preparedness Fund and Veterans Trust Fund checkoff will be split evenly between these two funds.

57d. Child Abuse Prevention

You may contribute any amount of $1 or more to this fund. Proceeds will go to support the Iowa Child Abuse Prevention Program, which funds crisis and respite child care, parent education, child sexual abuse prevention programs, and young parent support. Learn more at Check Off Child Abuse.

Married Separate Filers:

Married couples filing separately on a combined return (filing status 3) must enter their combined checkoff amounts on the appropriate line(s) if both choose to contribute to a specific checkoff.

Total State and Local Tax and Contributions

Line: 58
Step: 9
Step Subject: Tax, Credits & Checkoff Contributions

Add lines 56 and 57 and enter the total on line 58.

Step 10

Fuel Tax Credit

Line: 59
Step: 10
Step Subject: Credits

Enter the amount of Fuel Tax Credit from the IA 4136, line 8. The federal form 4136 cannot be used. The Iowa credit does not apply to fuel used in on-road vehicles or pleasure boats.

Iowa Fuel Tax Refund Permit Number

If the taxpayer has filed a fuel tax refund claim during the tax year, the Fuel Tax Credit cannot be claimed, and the refund permit will become invalid if the tax credit is claimed. However, the Fuel Tax Credit is not available for casualty losses, transport diversions, pumping credits, off-loading procedures, blending errors, idle time, power takeoffs, reefer units, export by distributors, or tax overpaid on blended fuel. A refund can be claimed for those reasons alongside the Fuel Tax Credit.

Partnerships and S Corporations

For partnerships and S corporations, the amount of credit reported by each partner or shareholder is based on their share of earnings or losses. Each partner's / shareholder's share of the credit is found in Part III of the partner's or shareholder's IA K-1.

Child and Dependent Care Credit or Early Childhood Development Credit

Line: 60
Step: 10
Step Subject: Credits

Only one of the following two credits may be claimed:

- Child and Dependent Care Credit OR
- Early Childhood Development Tax Credit

Only taxpayers with a net income of less than $90,000 are eligible to take one of these refundable credits. If you are married, your net income and the net income of your spouse must be combined to determine if you qualify, even if your spouse does not file an Iowa return.

Child and Dependent Care Credit

If you are choosing the Child and Dependent Care Credit, use the following worksheet and percentage table to calculate the credit. The percentages are based on your Iowa net income on line 26. You must include a copy of your completed federal form 2441. This credit may only be claimed for expenses actually paid by the taxpayer.

Child and Dependent Care Credit Worksheet

1. Enter the amount from federal form 2441, line 9c	1.
2. If total of IA 1040, line 26, columns A and B, is: Less than $10,000 enter 75% $10,000 - $19,999 enter 65% $20,000 - $24,999 enter 55% $25,000 - $34,999 enter 50% $35,000 - $39,999 enter 40% $40,000 - $89,999 enter 30% $90,000 and over: not eligible for credit Enter the appropriate percent here.	2. %
3. Multiply line 1 by percentage on line 2. Enter the result here and on the IA 1040, line 60.	3.

Nonresidents and Part-year Residents

The Child and Dependent Care Credit must be adjusted using the following steps:

1. Divide Iowa net income (IA 126, line 26, prior to any adjustment for a net operating loss) by all-source net income of you and spouse (IA 1040, line 26, prior to any adjustment for a net operating loss) The ratio cannot exceed 100%.
2. Multiply Step 1 above by the amount of credit calculated in the worksheet, line 3.
3. Enter this amount on the IA 1040, line 60.

Married Separate Filers:

In computing the credit, the combined net income of both spouses must be used. The credit must be divided between spouses in the ratio of each spouse's net income to their combined net income.

Early Childhood Development Credit

If you are choosing the Early Childhood Development Credit, you may take the credit equal to 25% of the first $1,000 of qualifying expenses paid in 2022 for each dependent from the ages of three through five.

Expenses that qualify include the following:

- Services provided by a preschool, as defined in Iowa Code section 237A.1
- Books that improve child development, such as textbooks, music and art books, teacher's editions, and reading books
- Instructional materials required to be used in a lesson activity, such as paper, notebooks, pencils, and art supplies
- Lesson plans and curricula
- Child development and educational activities outside the home, such as drama, art, music and museum activities, and the entrance fees for such activities

Early childhood development expenses that do NOT qualify include:

- Food, lodging, or membership fees relating to child development and educational activities outside the home
- Services, materials, or activities for the teaching of religious tenets, doctrines, or worship, if the purpose of these expenses is to instill those tenets, doctrines, or worship

Nonresidents and part-year residents

The Early Childhood Development Credit must be adjusted using the following steps

1. Divide Iowa net income (IA 126, line 26, prior to any adjustment for a net operating loss) by all-source net income of you and spouse (IA 1040, line 26, prior to any adjustment for a net operating loss). The ratio cannot exceed 100%.
2. Multiply Step 1 above by the amount of credit calculated in the worksheet, line 3.
3. Enter this amount on the IA 1040, line 60.

Married Separate Filers:

In computing the credit, the combined net income of both spouses must be used. The credit must be divided between spouses in the ratio of each spouse's net income to their combined net income.

Iowa Earned Income Tax Credit

Line: 61
Step: 10
Step Subject: Credits

The Iowa Earned Income Tax Credit is a refundable credit. This credit is available only to taxpayers who qualify for the federal Earned Income Tax Credit (EITC). To calculate the Iowa Earned Income Tax Credit, multiply your federal EITC by 15% (.15).

To find out if you qualify for federal EITC, see the IRS EITC information or call the IRS at 1-800-829-1040.

If you are filing an Iowa return ONLY to claim EITC

If you qualify for the low income exemption as explained in the instructions for line 26 and are filing an Iowa return only to claim a refund of the Iowa EITC, enter the words “low income exemption” in the area to the left of your net income on line 26. Enter zero on lines 55, 56, and 58. Enter the amount of your Iowa EITC on lines 61, 65, 66, and 67.

Nonresidents and Part-year Residents

The Iowa EITC must be adjusted using the following formula.

Iowa net income (IA 126, line 26)	
divided by All-source net income of you and spouse (IA 1040, line 26) (The ratio cannot exceed 100%)	÷
multiplied by the Iowa Earned Income Tax Credit	x
equals credit on line 61	=

Married Separate Filers:

The Iowa EITC must be divided between spouses in the ratio of each spouse's earned income to the total earned income of both spouses. Earned income includes wages, salaries, tips, other compensation, and net earnings from self-employment.

Other Refundable Credits

Line: 62
Step: 10
Step Subject: Credits

Enter the total of other credits from the IA 148 Tax Credits Schedule, Part II and/or the total composite credits from the IA Schedule CC. Your credit claim may be denied if the IA 148 Tax Credits Schedule, IA Schedule CC, or any other required tax credit schedule is not included with your return.

Adoption Tax Credit

An Adoption Tax Credit is available for individual income tax equal to the first $5,000 of unreimbursed expenses related to an adoption per child placed in Iowa. There is no limit on the amount of income earned by an individual to be eligible for the credit. All claims for the adoption of a child cannot exceed the applicable limit based on the year the adoption became final.

The Adoption Tax Credit can only be claimed once the adoption has been finalized. Prior to tax year 2019, only qualified adoption expenses paid or incurred during the tax year are eligible for the credit claimed in that tax year. If qualified adoption expenses were paid or incurred in an earlier year, a timely amended return can be filed for that earlier year claiming the Adoption Tax Credit. Beginning in tax year 2019, all qualifying adoption expenses paid in or before the year the adoption is finalized must be claimed in the tax year the adoption is finalized, up to the credit limit, regardless of the prior year in which the expenses were paid.

EXAMPLE: Y and Z are married. Y and Z adopt a child who is permanently placed in Iowa. The adoption process begins in 2016 and becomes final in 2019. Because the adoption becomes final on or after January 1, 2017, Y

and Z qualify for a maximum credit amount of $5,000. Additionally, because the adoption becomes final on or after January 1, 2019, Y and Z may claim an Iowa adoption tax credit for unreimbursed qualified adoption expenses paid or incurred prior to or in the year the adoption becomes final. Y and Z incur and pay unreimbursed qualified adoption expenses of $5,000 in 2016, $10,000 in 2017, $2,000 in 2018, and $2,000 in 2019. Y and Z jointly file their Iowa individual income tax return in 2019. Y and Z may claim an Iowa adoption tax credit of $5,000 on their 2019 Iowa income tax return. Y and Z are not allowed to amend a prior year return in an attempt to claim the credit for unreimbursed qualified adoption expenses paid or incurred prior to the tax year in which the adoption became final.

If additional qualifying expenses are paid after the year the adoption is finalized, and your previous expenses are under the credit limit, those expenses must be claimed in the year they were paid, up to the credit limit.

EXAMPLE: W and X are married. W and X adopt a child who is permanently placed in Iowa. The adoption process begins in 2018 and becomes final in 2019. Because the adoption becomes final on or after January 1, 2017, W and X qualify for a maximum credit amount of $5,000. W and X incur and pay unreimbursed qualified adoption expenses of $1,000 in 2018, and $1,000 in 2019. W and X jointly file their Iowa individual income tax return in 2019. W and X may claim the Iowa adoption tax credit in 2019 in the amount of $2,000. In 2020, W and X incur and pay $5,000 in unreimbursed qualified adoption expenses in connection to the adoption finalized in 2019. W and X may claim the remaining $3,000 credit on their jointly filed Iowa individual income tax return for 2020 for unreimbursed qualified adoption expenses incurred and paid in 2020. W and X shall not amend their 2019 return to reflect the additional unreimbursed qualified adoption expenses from 2020.

A part-year resident of Iowa may claim the credit if they were a resident of Iowa at the time the child was permanently placed.

The IA 177 is used to compute the credit and must be included with the Iowa income tax return. The tax credit must also be reported on the IA 148 Tax Credit Schedule using tax credit code 66. If multiple children are adopted in a tax year, complete a separate IA 177 for each Adoption Tax Credit and report each claim on a separate line on the IA 148. Any tax credit in excess of tax liability is refundable.

Any adoption expenses applied to the Adoption Tax Credit are excluded from the calculation of the Iowa itemized deduction for adoption expenses taken on line 20 of the IA 1040 Schedule A. The itemized deduction equals the expenses in excess of 3% of adjusted gross income. For example, if a taxpayer has $100,000 of adjusted gross income and $10,000 of adoption expenses, the taxpayer can claim a $5,000 Adoption Tax Credit and $2,000 of itemized deductions for adoption expenses. See line 37 for an example of the adoption expenses deduction.

The adoption tax credit may only be claimed by a person who adopted the child. When a married couple adopts a child together and the couple files jointly on the same return, the credit may only be claimed once between the couple. When any other two persons adopt a child together, including married persons filing separately on the same or different returns or any unmarried persons filing on separate returns, the credit must be divided between the adoptive parents. Two adoptive parents, other than persons who are married filing jointly, may agree to divide the credit in any way. The total adoption tax credit claimed for all years by both parents combined may not exceed the applicable limit based on the year the adoption became final.

Iowa Code section 422.12A

Angel Investor Tax Credit

An Angel Investor Tax Credit, formerly known as Venture Capital Qualifying Business Tax Credit, equals 25% of the equity investment made by “angel investors” in a qualifying business approved by the Iowa Economic Development Authority. The credit is refundable when claimed against the individual income tax.

When the tax credit is awarded, the taxpayer receives a tax credit certificate number that must be reported on the IA 148 Tax Credits Schedule when the refundable tax credit is claimed using tax credit code 68.

Iowa Code sections 15E.43 and 422.11F

Biodiesel Blended Fuel Tax Credit

A retail dealer of diesel fuel who sells B5 or higher blends of biodiesel during the tax year at a retail motor fuel site can claim a Biodiesel Blended Fuel Tax Credit. B5 or higher blends are biodiesel blended fuels with a biodiesel content of 5% and higher by volume. Tank wagons are considered retail motor fuel sites.

For fuel sold before January 1, 2023, the tax credit equals 3.5 cents per gallon with a blend between 5% and 10% biodiesel and 5.5 cents per gallon with a blend of 11% or higher of biodiesel. For fuel sold on or after January 1, 2023, the tax credit equals 5 cents per gallon with a blend between 11% and 19% biodiesel and 7 cents per gallon with a blend of 20% biodiesel. The IA 8864 is used to compute the credit and must be included with the Iowa income tax return.

The Biodiesel Blended Fuel Tax Credit must be reported on the IA 148 Tax Credits Schedule using tax credit code 52. Any tax credit in excess of tax liability is refundable. If the tax credit is earned by a partnership, limited liability company, S corporation, estate, or trust, the tax credit shall be claimed by the individual based on the pro rata share of the income of the entity. The credit is repealed on January 1, 2028.

Iowa Code section 422.11P

Claim of Right Tax Credit

A Claim of Right Tax Credit may be claimed by a taxpayer who repaid income during the 2022 tax year that was reported and taxed on a prior Iowa income tax return. To calculate the credit, recompute tax liability in the prior tax year excluding the repaid income. The Claim of Right Tax Credit equals the calculated reduction in tax liability in that prior year. However, it may be more advantageous to report the amount of repaid income as an income adjustment on line 24. You may claim either the Claim of Right Tax Credit or take a deduction of the amount repaid on line 24, but not both.

Example of Claim of Right Tax Credit: A taxpayer received a $5,000 bonus in 2020 and reported it on the 2020 Iowa return. In 2022 the taxpayer's employer advised that the bonus was awarded in error and was to be repaid. The bonus was repaid by the end of 2022. After recomputing the 2020 Iowa return, there is a $440 reduction in tax. The taxpayer may claim a credit of $440 on the 2022 IA 1040, line 62 or apply an income deduction of $5,000 on line 24.

The Claim of Right Tax Credit must be reported on the IA 148 Tax Credits Schedule using tax credit code 53. Any tax credit in excess of the tax liability is refundable.

Iowa Code section 422.5(11)

Composite Tax Credit

A composite tax credit may be claimed by a nonresident member of a pass-through entity whose income tax was paid by the pass-through entity on an Iowa composite return (IA PTE-C). The amount of the credit is equal

to the amount of tax paid by the pass-through entity on the nonresident member's behalf, as reported on the nonresident member's Iowa Schedule K-1. The composite credit shall be claimed for the same tax year that the nonresident member's Iowa-source income from the pass-through entity is required to be reported on the Iowa income tax return. The composite tax credit must be reported on the IA Schedule CC and include that schedule with the return. Any tax credit in excess of tax liability is refundable.

Iowa Code section 422.16B

E15 Plus Gasoline Promotion Tax Credit

A retail dealer of gasoline who sells E15 plus gasoline during the tax year at a retail motor fuel site can claim an E15 Plus Gasoline Promotion Tax Credit. E15 plus gasoline is ethanol blended gasoline with an ethanol content between 15% and 69% by volume. Tank wagons are considered retail motor fuel sites.

For sales made prior to January 1, 2023, the tax credit equals three cents per gallon of E15 plus gasoline sold between January 1 and May 31 or September 16 and December 31. The tax rate is ten cents per gallon sold between June 1 and September 15. For sales made on or after January 1, 2023, the credit equals nine cents per gallon of E15 plus gasoline sold in any month. The IA 138 form is used to compute the credit and must be included with the Iowa income tax return.

The E15 Plus Gasoline Promotion Tax Credit must be reported on the IA 148 Tax Credits Schedule using tax credit code 65. Any tax credit in excess of tax liability is refundable. If the tax credit is earned by a partnership, limited liability company, S corporation, estate, or trust, the tax credit shall be claimed by the individual based on the pro rata share of the income of the entity. The credit is repealed on January 1, 2026.

Iowa Code section 422.11Y

E85 Gasoline Promotion Tax Credit

A retail dealer of gasoline who sells E85 gasoline during the tax year at a retail motor fuel site can claim an E85 Gasoline Promotion Tax Credit. E85 gasoline is ethanol blended gasoline with an ethanol content between 70% and 85% by volume. Tank wagons are considered retail motor fuel sites.

The tax credit equals sixteen cents per gallon of E85 gasoline sold. The IA 135 form is used to compute the credit and must be included with the Iowa income tax return.

The E85 Gasoline Promotion Tax Credit must be reported on the IA 148 Tax Credits Schedule using tax credit code 55. Any tax credit in excess of tax liability is refundable. If the tax credit is earned by a partnership, limited liability company, S corporation, estate, or trust, the tax credit shall be claimed by the individual based on the pro rata share of the income of the entity. The credit is repealed on January 1, 2028.

Iowa Code section 422.11O

Historic Preservation Tax Credit

A Historic Preservation Tax Credit is available for 25% of the qualified rehabilitation expenditures of eligible property in Iowa. This credit is administered by the Iowa Economic Development Authority and the State Historic Preservation Office of the Iowa Department of Cultural Affairs. When the tax credit is awarded, the taxpayer will receive a tax credit certificate number that must be reported on the IA 148 Tax Credits Schedule when the tax credit is claimed using tax credit code 56, if refundable.

Applications must be filed during a limited registration period and a scoring system is used to select rehabilitation projects eligible for Historic Preservation Tax Credits. However, credits for small projects defined

as projects with qualified rehabilitation expenditures up to $750,000 can apply at any time. The project must be completed within 36 months of the date on which the project agreement was signed.

Any tax credit in excess of tax liability is refundable. The Historic Preservation Tax Credit can be transferred to any person or entity. Awardees or transferees can choose to receive the award as a nonrefundable tax credit; in that case the tax credit is claimed on the IA 148 using tax credit code 05. If the tax credit is issued to a partnership, limited liability company, S corporation, estate, or trust, the tax credit shall be claimed by the individual based on the pro rata share of the income of the entity.

Note: For Iowa income tax purposes, the increase in the basis of the rehabilitated property that would otherwise result from the qualified rehabilitation costs will be reduced by the amount of the tax credit received.

Iowa Code chapters 404A and Iowa Code section 422.11D

Renewable Chemical Production Tax Credit

A Renewable Chemical Production Tax Credit is available to an eligible business producing chemicals from biomass feedstock in the state. The tax credit equals five cents per pound of renewable chemicals produced in a calendar year to the extent such production exceeds the eligible business's pre-eligibility production threshold. The credit is available for renewable chemicals produced on or after January 1, 2017, and on or before December 31, 2026.

The tax credit is available to businesses that apply to the Iowa Economic Development Authority. The maximum amount of credit that may be issued to an eligible business that has been in operation in the state for five years or less is $1 million. The maximum amount of credit, which may be issued to an eligible business that has been in operation in the state for more than five years is $500,000. An eligible business shall not receive more than five tax credits under the program.

When the tax credit is awarded, the taxpayer will receive a tax credit certificate number that must be reported on the IA 148 Tax Credits Schedule when the tax credit is claimed using tax credit code 69. Any tax credit in excess of tax liability is refundable. If the tax credit is issued to a partnership, limited liability company, S corporation, estate, or trust, the tax credit shall be claimed by the individual based on the pro rata share of the income of the entity.

Iowa Code sections 15.315 through 15.321 and 422.10B

Research Activities Tax Credit

An Iowa Research Activities Tax Credit is available for expenditures on research that is technological in nature as specified under the Federal Research Credit of Internal Revenue Code section 41 if the researching entity meets the following two requirements: the business must claim and be allowed a Federal Research Credit for the same taxable year, and the business must be engaged in manufacturing, life sciences, agriscience, software engineering, or aviation and aerospace. In addition, the business cannot be engaged in agricultural production or cannot be an agricultural cooperative, accountant, architect, collection agency, finance or investment company, publishing company, real estate company, retailer, transportation company, or wholesaler. The business also cannot be a contractor, subcontractor, builder, or contractor-retailer engaged in commercial and residential installation / repair including but not limited to HVAC installation / repair, plumbing and pipe fitting, security system installation, or electrical installation / repair. For more information, see Iowa Administrative Code rule 701—304.11 and Department guidance on the tax credit changes.

The Iowa credit equals 6.5% of Iowa's apportioned share of qualifying expenditures for increasing research activities when claimed on the IA 128. The tax credit can alternatively be calculated using the "Alternative Simplified Research Activities Tax Credit" method on form IA 128S with a 4.55% rate of qualifying research expenditures. A taxpayer may choose each year how to compute the Research Activities Tax Credit for Iowa tax purposes.

The Research Activities Tax Credit must be reported on the IA 148 Tax Credits Schedule using tax credit code 58. Any tax credit in excess of tax liability is refundable. If the tax credit is earned by a partnership, limited liability company, S corporation, estate, or trust, the tax credit shall be claimed by the individual based on the pro rata share of the income of the entity.

Iowa Code section 422.10

Supplemental Research Activities Tax Credit

Taxpayers who are approved by the Iowa Economic Development Authority under the High Quality Jobs Program can be awarded a Supplemental Research Activities Tax Credit claimed on either form IA 128 or IA 128S. The amount of the Supplemental Research Activities Tax Credit depends upon the gross receipts of the eligible business. For businesses with average gross revenues of $20 million or less, the supplemental credit cannot exceed 10% of the qualified research expenditures eligible for the Research Activities Tax Credit calculated using the IA 128.

For businesses with gross revenues exceeding $20 million, the supplemental credit cannot exceed 3% of qualified research expenditures. For Research Activities Tax Credits calculated using the IA 128S, see the form instructions for supplemental credit percentages. When the tax credit is awarded, the taxpayer receives a tax credit certificate number that must be reported on the IA 148 Tax Credits Schedule when the tax credit is claimed using tax credit code 59. Any tax credit in excess of tax liability is refundable. If the tax credit is earned by a partnership, limited liability company, S corporation, estate, or trust, the tax credit shall be claimed by the individual based on the pro rata share of the income of the entity.

Iowa Code sections 15.335 and 422.10

Third Party Developer Tax Credit

Taxpayers who are approved by the Iowa Economic Development Authority (IEDA) under the High Quality Jobs Program can be awarded a Third Party Developer Tax Credit for certain sales taxes paid in completion of a High Quality Jobs Program project.

When the tax credit is awarded, the taxpayer may submit an application to the Department of Revenue after contract completion as defined in Iowa Code section 15.331A(4). The last day to submit an application is one year after the project completion date stated in the agreement between the taxpayer and IEDA. Upon approving the claim, the Department of Revenue issues another tax credit certificate for the final amount of credit that can be claimed based on the submitted contractor’s statements and invoices, up to the award amount as either a refundable or nonrefundable credit, based on the designation requested by the taxpayer. The taxpayer then claims the credit using its tax credit certificate number that must be reported on the IA 148 Tax Credits Schedule when the tax credit is claimed using tax credit code 62 or 97 (see certificate for which code applies). Any tax credit in excess of tax liability is refundable. If the tax credit is earned by a partnership, limited liability company, S corporation, estate, or trust, the tax credit shall be claimed by the individual based on the pro rata share of the income of the entity.

Iowa Code sections 15.331C and 422.11U.

Iowa Income Tax Withheld

Line: 63
Step: 10
Step Subject: Credits

Enter the total amount of income tax withheld for Iowa from your W-2s, W-2Gs, and 1099s. This will be the figure shown in the box labeled "State income tax." Also enter the total amount of Iowa withholding identified on all K-1s.

Nonresident members - Report amount of composite tax credit from your Iowa Schedule K-1 on line 62, not on this line.

Copies of the W-2s, W-2Gs, 1099s, and K-1s showing Iowa tax withheld must be included with paper filed returns. Photocopies of originals are accepted. Your W-2s, W-2Gs, 1099s, and K-1s must be complete and legible with no alterations.

Employees: If you need a copy of your W-2, first ask your employer as the Iowa Department of Revenue is not able to furnish it to you. If you are unable to obtain a copy from your employer, here are some other possible options:

- Social Security Administration (SSA) - may provide copies of Forms W-2 for retirement purposes at no charge and for other than retirement purposes for a fee. Call 1–800–772–1213, or visit the SSA web site at www.ssa.gov for instructions on how to obtain wage information from the SSA.
- Internal Revenue Service (IRS) – may provide an exact copy of a previously filed and processed tax return with attachments (including Form W-2). You should complete Form 4506, Request for Copy of Tax Return, and mail it to the address listed in the instructions. A fee will be charged for each tax year requested.

Married Separate Filers (including status 4):

Withholding is reported by the spouse receiving the W-2, W-2G, 1099, and K-1.

Estimated and Voucher Payments

Line: 64
Step: 10
Step Subject: Credits

Enter the total amount of 2022 Iowa estimated tax payments. This includes any 2022 estimated payment made in January 2023 and any payments made with the IA 1040V Payment Voucher for tax year 2022. Also include any amount applied to your 2022 Iowa estimated tax from your 2021 IA 1040, line 69. You cannot claim any additional Iowa income tax paid for 2021 or for any prior tax years as an estimated payment.

Don't want to mail paper forms and a payment?

You can make estimated payments using a financial institution and you can check your estimated payment history through eFile & Pay. Payments may not be pre-scheduled for future payment dates.

In addition, you can make your final income tax payment by credit or debit card.

Total

Line: 65
Step: 10
Step Subject: Credits

Add the amounts on lines 59 through 64 and enter the total.

Total Credits

Line: 66
Step: 10
Step Subject: Credits

Add columns A and B of line 65; enter the total.

Step 11

Amount You Overpaid

Line: 67
Step: 11
Step Subject: Refund

If line 66 is more than line 58, subtract line 58 from line 66 and enter the difference. You can have all or part of this amount refunded to you on line 68. The remainder, if any, can be applied to your estimated tax for 2023 on line 69.

About Iowa income tax withholding...

If the amount you overpaid (line 67) is large, you may wish to check the Department's Withholding Estimator to estimate your 2023 recommended withholding. You may file a new IA W-4 with your employer to change the amount of Iowa income tax withheld from your pay.

Amount to Be Refunded and Direct Deposit Information

Line: 68
Step: 11
Step Subject: Refund

Enter the portion of the amount shown on line 67 you wish to have refunded to you.

Check your Iowa refund status online at **Where's My Refund?** This is the same information that is available to our phone representatives when you call the general taxpayer services line.

Receiving your Refund

By Check

If you want to have your refund issued to you as a paper check proceed to Step 13. The check will be issued to the address listed on your return.

By Direct Deposit:

NOTE: The routing and account numbers may be in different places on your check.

If you would like your refund directly deposited proceed to lines 68a, 68b, and 68c.Do not input your account and routing information in rows 68a and 68c if you have an amount due on line 70.

68a. Input your financial institution's routing number. The routing number must be nine digits.

68b. Check either checking or savings to indicate what type of account the refund will be deposited into.

68c. Input your account number starting in the first box on the left. The account number may have up to 17 digits.

The entire refund amount will be deposited into this one account.

For savings accounts you will need to contact your financial institution to obtain the account number. **The account the refund will be issued to must be located in the United States.**

Verify that the routing and account numbers are correct to avoid a delay in your refund. Any error will result in a paper refund.

Do not request a deposit of your refund to an account that is not in your name, such as your tax return preparer's account. Although you may owe your tax return preparer a fee for preparing your return, do not use the preparer's account to pay the fee.

Claim for Refund - Statute of Limitations

Claims for refund of an Iowa income tax return will only be honored if the claim for refund is made within the statute of limitations provided in Iowa Code section 422.73 and Iowa Administrative Code rules 701—305.3(8) thru 305.3(15).

Overpayment Applied to Estimated Tax

Line: 69
Step: 11
Step Subject: Refund

Subtract line 68 from line 67. This is the amount that will be applied to your estimated tax for 2023. Enter this amount on line 69. Use only column A if you and your spouse file jointly.

If you choose to apply part or all of your overpayment to your estimated tax for 2023, the return must be filed by December 31, 2023, and this choice cannot be changed after December 31, 2023.

2022 returns filed after December 31, 2023, may not request that overpayment be applied to estimated tax. Any overpayment will be refunded.

If you do not make any entry on line 68 or 69, the entire amount of the overpayment on line 67 will be refunded to you.

The total of lines 68 and 69 must equal the amount on line 67.

Married Filing Separately on a combined return:

Entries in both column A and column B will establish two estimated tax accounts.

Step 12

Amount of Tax You Owe

Line: 70
Step: 12
Step Subject: Pay

If line 66 is less than line 58, subtract line 66 from line 58 and enter the difference. This is the amount of tax you owe, prior to any penalty or interest that may be due.

About Iowa income tax withholding...

If the amount you owe (line 70) is large, you may wish to check the Withholding Estimator to estimate your recommended withholding. You may file a new IA W-4 with your employer to change the amount of Iowa income tax withheld from your pay.

Penalty for Underpayment of Estimated Tax

Line: 71
Step: 12
Step Subject: Pay

If you are required to make estimated tax payments but fail to make payments, you may be subject to a penalty in addition to any tax you may owe. The penalty is determined in the same way as for federal purposes. Consequently, you must include your Iowa income, lump-sum, and alternative minimum taxes when calculating the penalty for underpayment of estimated tax.

If you are subject to this penalty, complete IA 2210, IA 2210F (for farmers and commercial fishers), or IA 2210S and enter the penalty on this line. Include a copy of the IA 2210, IA 2210F, or IA 2210S with your tax return. If you elect to use the annualized method of computing the penalty, include a copy of your IA 2210 Schedule AI (Annualized Income Installment Method) with your tax return.

If you are due a refund, subtract the penalty amount from the overpayment you show on line 68 or line 69.

Individuals who expect to owe Iowa tax of $200 or more for the tax year from income not subject to Iowa withholding tax must make quarterly estimated tax payments. These payments may be made online, in person, or by mail. To make a payment online, simply select Individual Income Estimate Tax and the payment option that works best for you using EasyPay Iowa.

Penalty and Interest

Line: 72
Step: 12
Step Subject: Pay

Enter the penalty on line 72a, the interest on line 72b, and the total on line 72.

72a. Penalty

5% Penalty for Failure to Timely File a Return:

If you do not file your return by the due date and you paid less than 90% of the correct tax, you owe an additional 5% of the unpaid tax.

5% Penalty for Failure to Timely Pay the Tax Due:

If you file your return on time but paid less than 90% of the correct tax due, you owe an additional 5% of the unpaid tax.

Taxpayers may be subject to both the 5% failure to timely file penalty and the 5% failure to timely pay penalty.

If 90% of the correct tax due is paid by the due date, then no penalty is due. To determine if 90% was paid, multiply IA 1040, line 56 by 90% (.90). If the result is equal to or less than the amount on the IA 1040, line 66, plus any payment made with a return filed by the due date, 90% (.90) of the tax has been paid timely and no penalty is due.

Other penalties that may be assessed:

5% Penalty for audit or examination deficiency:

If the Department discovers an underpayment during an audit or examination, a penalty of 5% will be added to the unpaid tax.

$1,000 Penalty for Failure to File after Demand

A $1,000 penalty is assessed when a taxpayer continues to fail to file 90 days after the Department issues a demand letter. A separate penalty will be assessed for each unfiled return listed in the demand letter. This penalty is in addition to the failure to file penalties listed above.

75% Penalty for fraud or frivolous tax return filings or willful failure to file a return:

A person who willfully intends to make a false or frivolous tax return to claim a refund, or to evade tax is guilty of fraud. A penalty of 75% of the refund claimed will be due. This penalty cannot be waived.

$500 Civil Penalty:

A $500 civil penalty is assessed when a return is considered to be a “frivolous return.” A “frivolous return” is a return that lacks sufficient information to determine the substantial correctness of the amount of tax liability or contains information that indicates the amount of tax shown is substantially incorrect and this conduct is due to a position of law taken that is frivolous or a desire to delay or impede the administration of the tax laws of Iowa.

Waivers:

Penalties can be waived under limited circumstances, as described in Iowa Code section 421.27. Complete and submit a Penalty Waiver Request (78-629) to request a penalty be waived.

72b. Interest

Interest must be added to delinquent tax. Interest is added at a rate of 0.5% per month beginning on the due date of the return (May 1) and accrues each month until paid in full. Part of a month constitutes a whole month, so if you pay the tax on June 3, you are late for May and June for a total interest rate of 1.0% (2 x 0.5%).

Total Amount Due

Line: 73
Step: 12
Step Subject: Pay

Add lines 70, 71, and 72 and enter the total on line 73.

Do not fill in lines 68a, 68b, or 68c if you have an amount due. Entries on 68a, 68b, and 68c are intended for direct deposit of a refund only.

How to Pay Your Tax:

eFile & Pay (direct debit) from our website - FREE

- Your tax payment is made from your savings or checking account without having to write a check.
- You are not able to schedule the payment for a future date using eFile & Pay.

Direct Debit payment with your return through tax software

- Your tax payment is made from your savings or checking account without having to write a check.
- You may be able to make a direct debit payment through your software when you file electronically.
- You may be able to schedule the payment for a future date through your tax software.

Credit or Debit Card Online

Enter your credit / debit card information and the type of payment. A service fee will be charged by Official Payments Corp. Cards accepted: Visa, MasterCard, American Express, Discover.

Credit or Debit Card by Phone

Call the toll-free number, 800-2PAY-TAX (800-272-9829) and give your credit / debit card information and the type of payment. A service fee will be charged by Official Payments Corp. Cards accepted: Visa, MasterCard, American Express, Discover.

Pay by Mail

Mail a check or money order with an IA 1040V Payment Voucher payable to Iowa Department of Revenue. Write the type of tax being paid and the tax year being paid on the check or money order. Do not send in any payment of less than one dollar. The mailing address is on the voucher. **Do not send cash.**

Unable to Pay

Pay as much as you can, and you will be billed for the balance due. You can make payments prior to receiving a bill from the Department.

Note: You must have received a bill from the Department before you can set up a formal payment plan.

Iowa does not have a formal payment plan option prior to receiving a bill from the Department. However, if you are unable to pay your Iowa tax liability in full, file the return and pay what you can by the due date. If you do not file your return by the due date, and at least 90% of the correct tax is not paid, you owe an additional 5% late penalty on the unpaid tax. By filing the return on time, even if at least 90% of the correct tax due isn't paid, you only owe an additional 5% late penalty on the unpaid tax.

You may pay online through eFile & Pay. ePay is FREE.

If paying by check or money order, mail a check or money order with an IA 1040V Payment Voucher payable to Iowa Department of Revenue. Write the type of tax being paid and the tax year being paid on the check or money order. Do not send in any payment of less than one dollar. The mailing address is on the voucher.

You will be billed for the balance after your return is processed, including any penalty or interest that may be due. We encourage you to make payment prior to receiving a bill in order to reduce the interest amount due. Interest will accrue on the first of each month until the balance is paid.

Step 13

Signature

Step: 13
Step Subject: Signature

Returns are not processed and refunds are not issued if returns are not signed. If you and your spouse file a joint or combined return, both of you must sign the return. Include a daytime telephone number.

If a paid tax professional prepared your return, the preparer must also sign and enter a daytime telephone number and identification number.

The Department will now allow electronic signing of the Declaration for e-File Return form via remote transaction. Returns will not be accepted if the electronic signatures are not digitally or electronically certified. This allows a taxpayer to electronically sign a Declaration for e-File Return form when the Electronic Return Originator is not physically present with the taxpayer.

Deceased Taxpayer

Check the box on the signature line, and enter the date of death.

If your spouse died and you are filing a joint or combined return, write on the deceased's signature line "Filing as a surviving spouse", check the box on the signature line, and enter the date of death.

If you have the legal authorization to file for the decedent, sign the return with your legal title or authorization. Also, include any forms required to be filed with your federal return, such as federal form 1310 or a copy of the court certificate showing your appointment as a personal representative of the decedent.

Spouse Unable to Sign

If your spouse cannot sign because of a medical condition and requests that you sign the return, sign your spouse's name in the proper place followed by the word "by" (your signature), followed by the word "spouse." Be sure to also sign in the space provided for your signature.

If you are the guardian for your spouse who is mentally incompetent, you may sign the return for your spouse as guardian.

Minor Child

If you are filing a return for a minor child who cannot sign the return, sign the child's name followed by the word "by" (your signature), followed by your relationship, such as "parent" or "guardian for minor child."

Representative Certification Form

If a representative has authority to act on behalf of a taxpayer, they must complete and submit a Representative Certification Form prior to receiving the taxpayer's confidential taxpayer information or acting on behalf of the taxpayer.

Contacts

Where's My Iowa Refund?

tax.iowa.gov/wheres-my-refund

Questions about Iowa Taxes?

tax.iowa.gov | idr@iowa.gov
515-281-3114 or 1-800-367-3388

Questions about Federal Income Taxes?

Internal Revenue Service, irs.gov
800-829-1040

Amending Tax Returns

If you amend your IA income tax return on an IA 1040, an IA 102 Iowa Amended Return Schedule must be included. An IA 102 is not required if you file an IA 1040X.

Amended returns may be submitted electronically when an IA 1040 is submitted with an IA 102. Amended returns using an IA 1040X form may not be submitted electronically. Check with your software vendor regarding whether filing an amended return electronically is supported. Amended returns should not be submitted on the same day as the original return. To correct errors or misstatements on your original filing, you may either submit a new IA 1040 with IA 102, or an IA 1040X. Include an explanation of the changes. If you file an amended federal return, include the federal 1040X with your submission.

If you owe additional tax:

Calculate the tax, and any penalty and interest due. You may make your payment online for the current year through eFile & Pay (direct debit) or pay with a credit card. To pay by check or money order, print an IA 1040XV payment voucher to send in with your check. Visit the Department's website at tax.iowa.gov/easypayiowa for more information about your payment options.

Are You a Resident of Iowa for Tax Purposes?

A person can be a resident of only one state at any given time. Usually, it is clear which state that is. Normally, it is the state in which one lives and works. Occasionally, however, the question of residency can be a little more difficult to answer. If a person moves during the year, or for some reason spends an extended period of time outside the state, the actual state of residence may not always be as obvious.

Intent of Individual

The issue of residency hinges mainly on the intent of the individual. That intent is often clear and easy to determine. If a person moves from one state to another with the intent of changing residence, that person will take certain actions. They will typically take obvious steps to eliminate ties and contacts with the former state, and establish similar ties and contacts with the new state. In some cases, however, the actions taken by the individual may create some confusion as to the actual intent.

Factors to Measure Intent

When a person's intent is not readily apparent, several factors are used as a guide to measure that intent. No single factor can be used. All the facts and circumstances of the case must be weighed in their totality to determine a person's intent and residency.

Some of the factors used in this analysis are listed below:

- Are you registered to vote in Iowa?
- Have you voted (in person or by absentee ballot) in an Iowa election?
- Do you or any of your family attend Iowa schools?
- Do you have an Iowa telephone listing and service?
- Do you receive your mail in Iowa?
- Do you have an Iowa driver's license?
- Do you hold any business or professional licenses in Iowa?
- Do you hold an Iowa hunting or fishing license?
- Is your automobile registered in Iowa? Do you have Iowa license plates?
- Are any boats or recreational or all-terrain vehicles registered in Iowa?
- Do you own a home in Iowa?
- Is your home larger than your home in any other state?
- Do you claim homestead or military credits for property tax?
- Do you keep your valuables, mementos, collections, jewelry, or prized personal possessions in Iowa?
- Do you live in Iowa for more days of the tax year than in any other state?
- Do you live in any other state for more days of the tax year than in Iowa?
- Do you receive income from an Iowa source?
- Do you receive services from doctors, dentists, attorneys, CPAs, or any other professionals located in Iowa?
- Do you have an active membership in an Iowa church, club, professional or civic organization in Iowa, and participate as a result of the membership?
- Do you claim a benefit on the federal income tax return based on an Iowa home being the principal place of business?
- Do you have active checking or savings accounts or use of safe deposit boxes located in Iowa?
- Do you have a location of employment in Iowa or active participation in a business within Iowa?
- Is Iowa the state of residency in your Last Will and Testament?

Please keep in mind that no single factor will typically be sufficient to make a residency determination. When viewed as a whole, the answers to the above questions will generally give a good indication as to the individual's intent, and therefore, to the state of residence.

Residency Rules

For more details on the subject of residency, including several examples, please refer to Iowa Administrative Code rule 701—300.17.

Servicemembers and their Spouses

Servicemembers and their spouses should reference *Iowa Tax Responsibilities of Servicemembers and their Spouses* for additional information.

Certified Tax Returns for Nonresidents

Residents of other states who need a certified copy of the Iowa return for filing with their state of residence must include an extra copy of their Iowa return and a self-addressed stamped envelope when they file. A note stating the purpose of the extra copy should be included. The Department will stamp the copy and return it to you.

Confidentiality

Taxpayers provide confidential tax information to the Iowa Department of Revenue (IDR) in the form of individual income tax returns and other Iowa schedules, forms, and supporting documentation.

Your tax information is kept confidential by IDR, with a few exceptions as required by law. Most notably, information from your return may be made available to the Internal Revenue Service or to tax officials of another state for tax administration purposes.

Any IDR employee who discloses tax return information without legal authority is guilty of a serious misdemeanor, subject to a fine, incarceration, and civil damages. IDR will discuss confidential tax information only with the taxpayer, unless the taxpayer has properly authorized another individual to speak with or represent the taxpayer regarding the relevant tax year and issue. For more information, see Confidentiality, Disclosure, and Authorized Representation.

If you do not provide individual income returns or the necessary information to support the return, or if you provide fraudulent information, you may be charged penalties and interest and may be subject to criminal prosecution.

Credits: Refundable or Nonrefundable - What's the Difference?

Although Iowa and the IRS may have the same type of credit, it may or may not be refundable on both returns.

Nonrefundable Tax Credit

A nonrefundable tax credit will reduce your tax liability. This credit may reduce your tax liability down to zero, but it will never generate a refund. An example of this type of credit is the Tuition and Textbook Credit or any other credit taken in Step 9 of the IA 1040 individual income tax form.

Refundable Tax Credit

A refundable tax credit will also reduce your tax liability. However, if this tax credit exceeds your tax liability it will generate an Iowa refund. An example of this type of credit is the Iowa Child and Dependent Care Credit or any other credit taken in Step 10 of the IA 1040 individual income tax form.

Do You Owe Tax? Here Are Your Payment Options

Direct Debit payment with the income tax return

A Direct Debit is a tax payment electronically withdrawn from your bank account through the tax software used to electronically file individual income or corporation income tax returns. You will need to enter your bank routing number and your bank account number.

Note: You receive credit for making the payment on the date you indicate the Department should withdraw it from your bank account. This may be the date you send it, or a date in the future if you request the payment to be warehoused for withdrawal at a later date. Please allow a week after the withdrawal date for your bank to post it to your account.

Why Direct Debit through your tax software?

(Check with your software vendor for the features that are provided.)

- You control the date when the payment is withdrawn from your bank account.
- You may pay the entire amount or a portion of the balance due.
- You choose whether the payment is withdrawn from your checking or savings account.

Need to cancel a Direct Debit payment?

- Through eFile & Pay
    - With Business eFile Number (BEN): Login using BEN, SSN, and password and select Cancel a Payment.
    - Without an account: Select Not enrolled? Click here. Enter confirmation number and payment details when prompted.
- Or, email the Department's Payment Processing team at IDREFT@iowa.gov.
    - Include this information in your email:
        1. Taxpayer name
        2. Payment amount
        3. Scheduled pay date
        4. Taxpayer's daytime phone number
    - PAYMENT PROCESSING will return a cancel confirmation email.

Need to change the timing of a payment or update bank account information?

- We cannot make these changes for you.
- You must cancel the payment (see above).
- You must resubmit a payment in one of the following ways:
    - Through your tax software
    - ePay through our website using EasyPay Iowa
    - By Credit / Debit card or
    - Mail us a check or money order

Free Online Direct Debit

ePay through eFile & Pay from our Web site

Credit or Debit Card

Online

Enter your credit or debit card information and the type of payment. A service fee is charged by Official Payments Corp., our credit / debit card vendor. Cards accepted: Visa, MasterCard, American Express, Discover.

By Phone

Call 800-2PAY-TAX (800-272-9829)

Call the toll-free number and give your credit / debit card information and the type of payment. A service fee is charged by Official Payments Corp. Cards accepted: Visa, MasterCard, American Express, Discover.

Mail a Check or Money Order...

... with an IA 1040V Payment Voucher payable to: Treasurer, State of Iowa. Payments must be at least $1. Write the type of tax being paid and the tax year being paid on the check or money order. The address for mailing is on the IA 1040V Payment Voucher.

Payment Plans

Pay as much as you can, and you will be billed for the balance due. You can make payments prior to receiving a bill from the Department.

Note: You must have received a bill from the Department before you can set up a formal payment plan.

Iowa does not have a formal payment plan option prior to receiving a bill from the Department. However, if you are unable to pay your Iowa tax liability in full, file the return and pay what you can by the due date. If you do not file your return by the due date, and at least 90% of the correct tax is not paid, you owe an additional 5% late penalty on the unpaid tax. By filing the return on time, even if at least 90% of the correct tax due isn't paid, you only owe an additional 5% late penalty on the unpaid tax.

You may pay online through eFile & Pay. ePay is FREE.

If paying by check or money order, mail a check or money order with an IA 1040V Payment Voucher payable to Iowa Department of Revenue. Write the type of tax being paid and the tax year being paid on the check or money order. Do not send in any payment of less than one dollar. The mailing address is on the voucher.

You will be billed for the balance after your return is processed, including any penalty or interest that may be due. We encourage you to make payment prior to receiving a bill in order to reduce the interest amount due. Interest will accrue on the first of each month until the balance is paid.

Questions about payment plans? Visit tax.iowa.gov/pay-delinquent-tax

Estimated Payments

Iowa Residents

Iowa residents who expect to owe tax of $200 or more for 2023 from income not subject to withholding tax must make estimated tax payments to avoid a penalty for underpayment of estimated tax. For additional information, see IA 1040ES instructions.

Farming or Commercial Fishing

If at least 2/3 of your income is from farming or commercial fishing, you may avoid penalty for underpayment of estimated tax in one of the following ways: (1) You may pay the estimated tax in one payment on or before January 15, 2023, and file your return by June 1, 2023, or (2) you may file your return and pay the tax in full by March 1, 2023.*

Nonresidents

Nonresidents with nonwage income from Iowa, see IA 1040ES instructions.

Married Taxpayers

Each individual required to make estimated payments must file an estimated payment under their name and Social Security Number.

How to Pay

You can set up your payments to be automatically deducted from your bank or credit union account using ePay (free direct debit) by credit/debit card, in person or by mail. Simply select Individual Income Estimate Tax and the payment option that works best for you using EasyPay Iowa.

* If the due date falls on a Saturday, Sunday, or holiday as defined in Iowa Code section 421.9A, then the due date is the following day that is not a Saturday, Sunday, or holiday.

Extension Requests

The Department does not have an extension form to obtain additional time to file. A federal extension does not apply for Iowa purposes.

If at least 90% of your total tax liability is paid by May 1, 2023, you will automatically have an additional six months to file your return. You will have until October 31, 2023, to file your return timely. You will not be charged a late file penalty. However, you may owe an IA 2210 penalty for failure to make estimated payments. You will owe interest on any tax still due after May 1, 2023.

If the due date falls on a Saturday, Sunday, or holiday as defined in Iowa Code section 421.9A, then the due date is the following day that is not a Saturday, Sunday, or holiday.

How to determine if 90% of the tax you owe has already been paid:

Multiply the amount on IA 1040, line 56 by 90% (.90).

If the result is equal to or less than the amount on IA 1040, line 66, an extension is automatic.

Example:

- Total state and local tax before contributions from line 56 = $5,000
- $5,000 x 90% = $4,500
- Total credits from line 66 = $4,000

90% of the tax has not been paid. No extension is available to this taxpayer. This taxpayer will owe penalty and interest on the unpaid tax.

Example:

- Total state and local tax before contributions from line 56 = $3,000
- $3,000 x 90% = $2,700
- Total credits from line 66 = $2,850

This taxpayer receives an automatic extension until October 31, 2023 and will pay only interest on the unpaid tax.

If you need to make a tax payment to meet the 90% requirement, you may:

- arrange payment from your bank account through eFile & Pay (direct debit) on our website.
- pay by credit / debit card online or by telephone
- use the IA 1040V payment voucher form

Farmers and Commercial Fishers

If at least 2/3 of your income is from farming or commercial fishing, you may avoid penalty for underpayment of estimated tax in one of the following ways:

1. Pay the estimated tax in one payment on or before January 17, 2023, and file the Iowa income tax return by May 1, 2023, or
2. File the Iowa income tax return and pay the tax due in full on or before March 1, 2023.

If the due date falls on a Saturday, Sunday, or holiday as defined in Iowa Code section 421.9A, then the due date is the following day that is not a Saturday, Sunday, or holiday.

Federal Bonus Depreciation / Section 179

Bonus Depreciation

Bonus depreciation is available for Iowa tax purposes for assets placed in service in a tax year beginning on or after January 1, 2021. See IA 4562A&B for required adjustments for assets placed in service in a tax year beginning before January 1, 2021.

Section 179

For tax years beginning on or after January 1, 2020 the IRC section 179 limitations and phase-out threshold for Iowa purposes are the same as federal. See IA 4562A&B for required adjustments.

How to Prorate

Taxpayers using filing status 3 (married filing separately on a combined return) or status 4 (married filing separate returns) may be required to prorate (divide) certain entries on the IA 1040, such as reportable Social Security benefits, federal income tax refunds, estimated federal tax payments, itemized deductions, etc.

Example 1: How spouses would prorate a federal refund:

2021 federal refund received in 2022 from a jointly-filed return: $1,000
Spouse A has net income of $15,000 on the 2021 IA 1040.
Spouse B has net income of $30,000 on the 2021 IA 1040.
Total net income: $45,000 on the 2021 IA 1040.

Divide Spouse B's net income by total net income. $30,000 ÷ $45,000 = 66.7%

The result is the percent of total net income earned by Spouse B.

Then multiply the total 2021 federal refund amount by the result above. $1,000 X 66.7% = $667. This is Spouse B's portion of the refund, reported on line 27 in column B.

Subtract Spouse B’s portion of the refund from the total 2021 federal refund amount. $1,000 - $667 = $333. This is Spouse A's portion of the refund, reported on line 27 in column A.

These two amounts are entered on 2022 IA 1040, line 27..

Note: Round to the nearest one-tenth of a percent. For example, 66.74% becomes 66.7% and 66.75% becomes 66.8%

Example 2: How to prorate Social Security

Spouse A receives Social Security benefits of $30,000
Spouse B receives Social Security benefits of $20,000
Total Social Security benefits are $50,000

Divide Spouse A's Social Security benefits by the total Social Security benefits: $30,000 ÷ $50,000 = 60%

The result is the percent of total Social Security benefits earned by Spouse A.

Complete the Iowa Social Security worksheet to determine what amount is reportable to Iowa. In this example, the total reportable Social Security benefits are $8,000. Now prorate the $8,000 between spouses.

Multiply the total reportable Social Security benefits by the result above. $8,000 X 60% = $4,800. This is Spouse A's portion of reportable Social Security benefits to be entered in column A of step 4.

Subtract Spouse A's portion of reportable Social Security benefits from the total reportable Social Security benefits. $8,000 - $4,800 = $3,200. This is Spouse B's portion of reportable Social Security benefits to be entered in column B of step 4.

Example 3: Federal estimated tax payment proration

Spouse A has income of $75,000 that is not subject to federal withholding.
Spouse B has income of $8,000 that is not subject to federal withholding.
Their total income not subject to federal withholding is $83,000.
The estimated federal tax payments for this year totaled $18,000.

Divide Spouse A's income that is not subject to federal withholding by the total income not subject to federal withholding. $75,000 ÷ $83,000 = 90.36% (rounded to 90.4%). The result is the percent of income not subject to federal withholding earned by Spouse A.

Multiply the total estimated federal tax payments made for the tax year by the percentage above. $18,000 X 90.4% = $16,272. This is Spouse A's portion of estimated federal tax payments to be entered on line 32 in column A.

Subtract Spouse A's portion of estimated federal tax payments from the total estimated federal tax payments. $18,000 - $16,272 = $1,728 This is Spouse B's portion of estimated federal tax payments to be entered on line 32 in column B.

Injured Spouse

Injured spouse: The federal "injured spouse" form is not recognized by the State of Iowa when using filing status 2 (married filing jointly) or status 3 (married filing separately on a combined return). If your spouse's refund will be used to pay a federal, state, county, or city debt, we suggest each spouse file an IA 1040, filing status 4 (married filing separately) to prevent your refund from being applied to your spouse's debt. See Refunds May Be Used to Pay Debt.

Relief from Joint and Several Liability

Married taxpayers are generally jointly and severally liable for the total tax, penalty, and interest from a joint return or from a return where the spouses file separately on the combined return form. However, a person who meets the criteria for relief from joint and several liability established in Section 6015 of the Internal Revenue Code may be relieved of liability for an understatement of tax that is attributable to erroneous items of the other spouse.

A married taxpayer filing a return with a spouse can qualify for relief from joint and several liability only if the taxpayers file a joint return or file separately on a combined return. A married taxpayer who files a separate return that has been accepted by the state will not be eligible for relief from joint and several liability.

Time Period for Requesting Relief from Joint and Several Liability

Relief from joint and several liability must be requested within two years of the date Notice of Assessment. However, an extended time period to request equitable relief is available for taxpayers who satisfy the criteria

under Section 6015(f) of the Internal Revenue Code and, if applicable, Internal Revenue Service Notice 2011-70.

For additional information related to relief from joint and several liability, see Iowa Administrative Code rule 701–300.15.

Iowa 2210 / 2210S General Information

Either the IA 2210 or IA 2210S is used to determine if an individual taxpayer paid income tax sufficiently throughout the year. This form is used to calculate any penalty due.

You may use the short method (IA 2210S) for 2210 penalty if:

- You did not make any estimated payments, or
- You paid the same amount of estimated tax on each of the four payment due dates.

You must use the regular method (IA 2210) to calculate your 2210 penalty if:

- You made any estimated tax payments late,
- You choose to annualize your income for 2210 penalty calculations.

Note: If any payment was made earlier than the due date for that payment, you may use the short method, but using it may cause you to pay a larger penalty than the regular method. If the payment was only a few days early, the difference is likely to be small.

To find out if you owe 2210 penalty, complete the IA 1040 through line 69 then complete the IA 2210 or IA 2210S. You will need the amount of tax you paid Iowa in 2021 in addition to completing the 2022 Iowa return.

Taxpayers who do not have Iowa tax withheld from their paychecks must pay Iowa tax on their income by making Iowa estimated tax payments on a quarterly basis.

Estimated Payments

If you file returns on a calendar-year basis and are required to file form IA 1040ES, you are generally required to pay the tax in four installments with the first installment due by April 30. You may benefit by using the IA 2210 Schedule AI Annualized Income Installment Method if your income varied during the year.

Calendar-Year Taxpayers: If you are not required to file estimated payments until later in the year because of a change in your income or exemptions, you may be required to pay in fewer installments.

IA 2210 Schedule AI Information

Nonresident or Part-Year Resident Credit: Must be computed on the IA 126 for each period as follows:

1. Figure the Iowa-source gross income less any adjustments for the period. Multiply this income figure by the number for the corresponding period on Schedule AI, line 2 and enter on the IA 126, line 26.
2. Enter the amount from Schedule AI, line 3 on the IA 126, line 27.
3. Calculate the Iowa income percentage and the nonresident/part-year resident credit percentage on the IA 126, lines 28 and 29.
4. Enter the tax amount for the period from Schedule AI, line 13 on the IA 126, line 30.
5. Add the credits from Schedule AI, lines 16 and 17 that represent IA 1040, lines 43, 44, and 45. Enter this figure on form IA 126, line 31.
6. Compute the nonresident/part-year resident credit by subtracting the credits on IA 126,line 31 from the tax on IA 126, line 30, . Multiply this amount by the percentage on line 29. Enter this number on Iowa Schedule AI, line 17.

Out-of-State Tax Credit form IA 130 must be computed for each period:

The gross income taxed by the other state/country, IA 130, line 1, must be annualized by multiplying by the annualization factor for the period. The gross income for residents, IA 130, line 2, is the amount on Iowa Schedule AI, line 3 (if a part-year resident, the amount is taken from IA 126, line 15) for the period. The tax, IA 130, line 4, is the amount on Iowa Schedule AI, line 13 for the period. The total tax imposed by the other state/country must be multiplied by a ratio of gross income taxed by the other state/country for the period to total gross income taxed by the other state/country.

Example: Fred, a full-year resident, had $100,000 of income taxed by another state. The other state's tax imposed was $4,000 for the year. For the period 1/1/21 to 3/31/22, the income taxed by the other state was $25,000. The computation for the tax imposed for the period 1/1/21 to 3/31/22 is ($4,000 times the annualization factor of 4.0 X 25,000/100,000). Please include a worksheet or tax form showing the calculations for each credit claimed on line 17.

Estimated / Installment Payment Periods and Due Dates

The chart below shows the due date for installments and the maximum number of installments required for each. More installments than required may be made in each period.

Period Requirement First Met	Installment is Due	Maximum Number of Installments Required During the Year
Between January 1 and April 1	April 30	4
Between April 2 and June 1	June 30	3
Between June 2 and September 1	September 30	2
After September 1	January 31	1

If the due date falls on a Saturday, Sunday, or holiday as defined in Iowa Code section 421.9A, then the due date is the following day that is not a Saturday, Sunday, or holiday.

Basic IA 2210 Calculation Criteria

- Installment period due dates are important. When a due date is missed, penalty applies in most cases.
- Payments are first carried back to any prior period with an underpayment.
- Any overpayments are carried forward to the next period.
- Any credit carryforward from the prior year is applied to the April 30 installment.
- There may be more than one penalty calculation for an installment period if more than one payment was made in that period.
- Withholding is credited equally in each installment period.

Learn About the IA 2210 Form

The first 13 lines of the 2210 form determine how much tax the taxpayer should have paid.

The second part of the 2210 form determines what the penalty, if any, is on the tax that was not paid. Penalty is determined on a quarterly basis.

IA 2210 Example 1

An individual taxpayer did not make any estimated payments of Iowa income tax throughout the year. The taxpayer paid $4,000 when filing the tax return on April 30.

Results: The taxpayer should have paid $1,000 each quarter, for a total of $4,000 for the entire year. This taxpayer owes 2210 penalty.

IA 2210 Example 2

An individual taxpayer made four estimated payments of Iowa income tax for a total of $4,000. Although the full amount was eventually paid, some payments were not timely.

Results: This taxpayer owes 2210 penalty. Why? It matters when the payments are made. If they are not timely, penalty is due.

First installment period (due April 30): No payment was made by April 30; therefore, the taxpayer has a $1,000 underpayment and will be assessed a penalty.

- The first payment of the year ($500) was made June 15. The second ($2,000) was two weeks later on June 30.
- The underpayment is paid by applying the $500 paid June 15 and $500 of the $2,000 paid June 30.
- The $500 paid June 15 has a penalty for 46 days (May 1 - June 15). The $500 paid June 30 has a penalty for 61 days (May 1 - June 30).

Second installment period (due June 30): No penalty is charged for this period.

- The taxpayer had $1,500 remaining from the $2,000 paid June 30 to apply to this period.
- Of the remaining $1,500, $500 is carried forward to the next installment.

Third installment period (due September 30): Penalty is charged for this period. $500 of the June 30 payment carried over to this period; therefore, the taxpayer still owes $500 for this period.

- The taxpayer's third payment of $500 is made January 31, too late for the third period. This amount is applied to the third period.
- Penalty on this $500 is for 92 days for the October 1 - December 31, quarter AND 31 days for Jan 1-31.

Fourth installment period (due January 31): Since the taxpayer's January 31 payment applied to the third installment, penalty is due on $1,000.

- The $1,000 payment made February 25, is applied to this period's underpayment.
- Penalty on the $1,000 is for 25 days for February 1 - February 25.

IA 2210S Example 1

An individual taxpayer did not make any estimated payments of Iowa income tax throughout the year.

Results: The taxpayer should have paid $1,000 each quarter, for a total of $4,000 for the entire year. This taxpayer owes 2210 penalty.

IA 2210S Example 2

An individual’s tax liability determined on the IA 1040 was $4,000. The individual made four estimated payments of Iowa income tax during the year in the amount of $500 each, for a total of $2,000. Payment of the remaining $2,000 due was made on April 15.

Results: All payments were made on time, but the taxpayer should have made a total of $4,000 in estimated payments of Iowa income tax. This taxpayer owes 2210 penalty.

Iowa and Illinois Reciprocal Agreement

Iowa's only income tax reciprocal agreement is with Illinois.

Any wages or salaries earned by an Iowa resident working in Illinois are taxable only to Iowa and not to Illinois. Any wages or salaries earned by an Illinois resident working in Iowa are taxable only to Illinois and not to Iowa. Iowa will tax any Iowa-source income received by an Illinois resident that is not from wages or salaries. Illinois may tax any Illinois-source income received by an Iowa resident that is not from wages or salaries.

Iowa gambling winnings and unemployment compensation for employment in Iowa are examples of income that are not wages and salaries and, therefore, not covered under the Iowa-Illinois Reciprocal Agreement.

Iowa Resident Working for Wages or Salary in Illinois

An Iowa resident working for wages or salary in Illinois should complete and file Illinois form IL-W-5-NR Employee's Statement of Nonresidence in Illinois with the employer so that the employer will withhold Iowa income tax.

Illinois Resident Working for Wages or Salary in Iowa

An Illinois resident working for wages or salary in Iowa should complete and file the Employee's Statement of Nonresidence in Iowa, 44-016 with the employer so that the employer will withhold Illinois income tax.

Tax Withheld in Error

If Illinois income tax has been mistakenly withheld from the wages or salary of an Iowa resident, the Iowa resident must file an Illinois income tax return to get a refund. Any questions on how to complete the Illinois return should be directed to the Illinois Department of Revenue at 800-732-8866.

Illinois residents who have had Iowa income tax withheld in error from their wages and have no other Iowa-source income must file an Iowa income tax return requesting a refund. They should complete IA 1040, Steps 1, 2, and 3, show “0” on IA 1040, lines 1, 26, and 55, write “Illinois resident tax withheld in error” on the face of the return. On IA 1040 lines 63, 65, 66, 67, and 68 enter the Iowa tax withheld, sign the return and include copies of W-2s with the return. Copies of federal and Illinois returns must be included.

Iowa Income Tax Responsibilities of Native Americans

Definitions

- "Native Americans" means all persons of Native American Indian descent who are members of any recognized tribe.
- "Settlement" means all land within the boundaries of any recognized Native American settlement or reservation within the State of Iowa.

Native Americans living on the settlement of their own tribe

Taxable Income:

- Wages for working off the settlement
- Income from business or real estate located off the settlement

Exempt Income:

- Wages from working on the settlement
- Income from business or property located on the settlement
- Interest, dividends, and other income from intangibles, regardless of where the bank accounts, etc., are located

Native Americans living off the settlement of their own tribe

If Residents of Iowa:

- Taxed in the same manner as other residents. (Income from working on the settlement is taxable.)

If Nonresidents of Iowa:

- Taxed in the same manner as other nonresidents. (Income from working on the settlement is taxable.)

Persons who are not tribal member Native Americans, regardless of whether they live on or off the settlement

If Residents of Iowa:

- Taxed in the same manner as other residents. (Income from working on the settlement is taxable.)

If Nonresidents of Iowa:

- Taxed in the same manner as other nonresidents. (Income from working on the settlement is taxable.)

Iowa Tax Responsibilities of Servicemembers and their Spouses

Resident Servicemembers

Iowa residents who are members of the armed forces, armed forces military reserve, and the National Guard in an active duty status can exclude pay received from the federal government for military service performed. "Active duty," for Iowa tax purposes, has the same meaning as defined in 10 U.S.C. § 101(d)(1).

Iowa residents who are members of the military should include the active duty pay received from the federal government for military service performed as income on the IA 1040, line 1 and deduct the same active duty pay on line 24. These individuals should provide an IA W-4 to the payer of this income, claiming exemption from withholding on active duty pay. Servicemembers claiming this exclusion should be prepared to send a copy of their active duty military orders to the Department if requested to do so.

When must a resident servicemember file an Iowa income tax return?

If a servicemember is an Iowa resident, they must file an Iowa individual income tax return if they:

- are married and their combined income* totals more than $13,500 ($32,000 if you or your spouse is 65 or older on 12/31/22)
- are single and total income* is more than $9,000 ($24,000 if 65 or older on 12/31/22)
- have income* of $5,000 or more and is claimed as a dependent on another person's Iowa return
- are filing as head of household or qualifying surviving spouse and total income* is more than $13,500 ($32,000 if you or your spouse is 65 or older on 12/31/22)

*Income does not include pay received from the federal government for military service performed by members of the armed forces, armed forces military reserve, and the National Guard in an active duty status.

School District Surtax (Iowa Administrative Code rule 701—304.1)

Each person has one and only one state of residence. A person may be a resident of a state even though he or she does not actually live in the state. A military person does not lose "home state" residency simply by being absent from the state while in the military. (Servicemembers Civil Relief Act)

What income is subject to Iowa tax? (Iowa Administrative Code rule 701—302.76)

Military pay to Iowa residents must be included on the IA 1040, line 1 to the same extent it is included on the federal return regardless of where the person is stationed when it is received.

Other income earned by an Iowa resident stationed in or out of Iowa is also taxable to Iowa to the same extent it is taxable on the federal level. If any of that income is correctly taxed by another state, then Iowa allows an Out-of-State Tax Credit on the IA 1040. This credit is calculated on the IA 130 form, which must be included with the IA 1040 along with a copy of the other state's return.

Active duty pay

Iowa resident members of the armed forces, armed forces military reserve, and the National Guard in an active duty status can exclude pay received from the federal government for military service performed. "Active duty," for Iowa tax purposes, has the same meaning as defined in 10 U.S.C. § 101(d)(1).

Note: Members who are employed full-time in the National Guard (as defined in Title 32 of the U.S. Code) are not considered in an active duty status, so their pay is not excluded from Iowa tax.

Include all income on line 1 with other W-2, 1099, or W-2G income. Qualifying military income is then deducted on line 24 using code "b".

Combat zone pay

Income excluded by the federal government is also excluded for Iowa income tax purposes. For example, combat zone pay is excluded on the Iowa return because it is excluded for federal income tax purposes.

The federal Military Family Tax Relief Act of 2003 provides for a number of tax breaks related to military personnel. Iowa follows the federal treatment of the military adjustments to gross income.

The Internal Revenue Service (IRS) website is your best source of qualifying combat zones and tax breaks related to military personnel. See www.irs.gov/individuals/military

Operation Iraqi Freedom, Operation New Dawn, Operation Noble Eagle, or Operation Enduring Freedom (Iowa Administrative Code rule 701—302.61)

There is an income tax exemption for active duty pay received from a source other than the federal government by a person in the National Guard or armed forces military reserve for services performed on or after January 1, 2003, pursuant to military orders for Operation Iraqi Freedom, Operation New Dawn, Operation Noble Eagle, or Operation Enduring Freedom. The individual needs only to be called to active duty under the appropriate orders to qualify for the exemption of active duty pay. The individual does not have to be serving overseas to be eligible for the exemption, but can be serving in Iowa or elsewhere in the United States under the appropriate military orders and qualify for the exemption for active duty pay.

Note that prior to tax year 2011, if a person in the National Guard or military reserve was called to active duty pursuant to military orders for an operation or purpose other than the operations specified above, the active duty pay is not exempt from Iowa income tax.

Include all income on line 1 with other W-2, 1099, or W-2G income. Qualifying military income is then deducted on line 24. If you file a paper return, include a copy of your orders. If you file electronically, keep a copy of your orders with your tax records in case the Department requests them at a later date.

Persian Gulf Conflict or Bosnia-Herzegovina Peacekeeping (Iowa Administrative Code rules 701—302.40 and 701—302.51)

There is an income tax exemption for active duty pay received from a source other than the federal government by a person in the National Guard or armed forces military reserve for services performed on or after August 2, 1990, pursuant to military orders related to the Persian Gulf Conflict or for services performed outside the United States on or after November 21, 1995, pursuant to military orders related to peacekeeping in Bosnia-Herzegovina.

Military Student Loan Exemption (Iowa Administrative Code rule 701—302.63)

Military student loan repayments included in federal adjusted gross income are exempt from Iowa income tax if the following criteria are met. This exemption may be taken by persons in the:

- armed forces
- armed forces military reserve
- National Guard

The individual must be on active duty at the time of the loan repayment.

Include the loan repayment amount in line 1 and deduct it in line 24.

Exclusion of Distributions from Retirement Plans by National Guard members and members of military reserve forces of the United (Iowa Administrative Code rule 701—302.58)

If a National Guard member or member of the military reserve is called to National Guard duty or federal active duty and makes a withdrawal from a qualified retirement account of the member, the amount of the withdrawal is not subject to Iowa income tax or state tax penalty. If this income is reported as taxable pension income on the IA 1040, line 9, enter that amount on the IA 1040, line 24.

Deferral of Collection of State Income Tax (Servicemembers Civil Relief Act)

The Servicemembers Civil Relief Act (SCRA) is a federal law that, among other things, requires the Department to allow a deferral of *collection* of state income tax if a servicemember's ability to pay is materially affected by their military service. The deferral lasts for only a period of up to 180 days after termination or release from military service. The SCRA only defers collection of income tax that has fallen due before or during military service. Servicemembers must still file their income tax returns, unless their duty to file is suspended by another authority.

Do You Qualify?

1. You must be a "servicemember."
   a. Members of the Army, Navy, Air Force, Marine Corps, Coast Guard, and commissioned corps of the National Oceanic and Atmospheric Administration and of the Public Health Service are servicemembers under the SCRA.
   b. Members of the National Guard and reserves are servicemembers under the SCRA *only if* those members are serving under a call to active service authorized by the President or the Secretary of Defense for a period of more than 30 consecutive days.
2. You must serve during a period of "military service."
   a. In the case of Army, Navy, Air Force, Marine Corps, or Coast Guard, a servicemember is serving in a period of military service if they are on "active duty."
   b. In the case of commissioned officers of the National Oceanic and Atmospheric Administration or Public Health Service, a servicemember is serving in a period of military service if they are in "active service."
   c. In the case of members of the National Guard and reserves, a servicemember is serving in a period of military service if they are serving under a call to active service authorized by the President or the Secretary of Defense for a period of more than 30 consecutive days.
3. You must be "materially affected" by your military service.
   a. The Department will consider all relevant facts and circumstances in determining whether servicemembers' ability to pay their income tax has been materially affected by their military service.

d. You must be in "filing compliance."

    a. Servicemembers can receive a deferral of collection of income taxes only for periods in which they have filed an income tax return.
5. You must file a written request for deferral.
    a. Servicemembers must make a written request for deferral of collection of income to the Department by completing the Request for Deferral of Iowa Income Tax form.

Servicemembers must submit a copy of their orders with their Request for Deferral of Iowa Income Tax form.

Forgiveness of Tax (Iowa Administrative Code rule 701—301.11)

Iowa income tax is forgiven if an individual's federal income tax was forgiven because:

- the individual was killed in a combat zone, or
- the individual is missing in action and presumed dead, or
- the individual was killed outside the United States due to terrorist or military action while he or she was a military or civilian employee of the United States

Single status

Iowa income tax is forgiven for the tax year in which the individual was killed or was missing and presumed dead and for the tax year prior to the year of death.

Married / year of death

All tax is forgiven for the year of death if the deceased was married at the time of death and his or her state filing status is joint or married filing separately on the combined return for that tax year.

Married / prior year

All tax is forgiven if the deceased was married at the time of death and a joint return or a married filing separate return was filed for the year prior to death. Please note that if the deceased had filed using the married filing separately on the combined return status, only the state income tax attributable to the deceased will be forgiven. Prior-year returns cannot be amended to change the filing status. (Iowa Administrative Code rule 701—301.11)

Applying for Forgiveness of Tax

To claim forgiveness of tax for an individual who was killed in military or terrorist action, or who is missing in action and presumed dead, the person filing an Iowa income tax return or an Iowa claim for refund should write at the top of the return "Forgiveness of Tax—Killed in Military Action" or "Forgiveness of Tax—Killed in Terrorist Action" depending on how the deceased was killed. A copy of the deceased's death certificate, or other evidence that establishes that the deceased was killed in military or terrorist action or is missing in action and presumed dead, should be attached to the income tax return or to the claim for refund. Claims for refund will only be honored if the claim for refund is made within the statute of limitations for claims for refund provided in Iowa Code section 422.73.

Return Due Date and Extensions (Iowa Administrative Code rules 701—301.12 and 701—301.14)

The usual filing deadline for Iowa income tax returns is April 30. If 90% of the tax due is paid by that time, the deadline is extended to October 31. No extension form is available or required.

Qualifying individuals may be granted extensions under certain circumstances for filing returns and for other acts related to the Department. These are listed below.

Who qualifies for an extension?

- Active duty military servicemembers in the armed forces, armed forces military reserve, or National Guard who are deployed outside the United States

- A person serving in support of those forces
- A spouse of a person listed above if they file jointly or separately on a combined return or if they are a party with the eligible taxpayer to any other act related to the Department
- An eligible individual who was continuously hospitalized because of illness or injury in the combat zone

"Other acts related to the Department" includes:

- Filing claims for refund for any tax administered by the Department
- Making tax payments other than withholding payments
- Filing appeals on the tax matters
- Filing other tax returns
- Performing other acts described in the Department's rules

Applying for the Extension

To claim the extension, eligible taxpayers, and, if applicable, their spouses, should notify the Department of their eligibility by sending the information described below to the Department:

- Taxpayer's name and spouse's name
- Taxpayer's date of birth and spouse's date of birth
- Taxpayer's U.S. address and spouse's address
- Date of taxpayer's deployment overseas
- For military personnel, an official document that indicates taxpayer's deployment
- For qualifying civilians, a letter of authorization, a similar letter from the taxpayer's employer, or a letter from the military stating that the taxpayer served in a "tax-free zone" or "Combat Zone Tax Exclusion Area (CZTE)"

The taxpayer, the taxpayer's spouse, or an authorized agent or representative of the taxpayer may submit the notification of eligibility to the Department.

Extension Periods

In general, the additional time period for filing state returns and performing other acts related to the Department is 180 days.

IRS Military Web Page

For further information about federal tax provisions governing military personnel, go to the IRS website at: www.irs.gov/individuals/military

Nonresident Servicemembers

The Servicemembers Civil Relief Act (SCRA) is a federal law that, among other things, protects servicemembers from losing their home state residency simply by being absent from their home state in compliance with military orders. The SCRA also protects servicemembers from establishing residency simply by being in another state where they are located pursuant to military orders.

Residency (Iowa Administrative Code rule 701—300.17)

Each person has one and only one state of residence. A person may be a resident of a state even though he or she does not actually live in the state.

When is a servicemember an Iowa resident?

A servicemember is an Iowa resident if:

- the servicemember was a resident of Iowa at the time of enlistment or
- the servicemember has declared Iowa to be his or her “military home of record” or
- the servicemember has taken positive action to establish residency in Iowa

A person remains an Iowa resident until positive action is taken to establish residency in another state.

See Are You a Resident of Iowa for Tax Purposes.

Establishing residency in another state

To establish residency in another state, a servicemember should first complete form DD2058, State of Legal Residence Certificate, which is available from the payroll officer of the Military Office of Personnel. However, completion of this form, alone, does not establish residency.

A combination of the actions listed below is required to establish legal residence in another state.

- physical presence in the other state
- registering to vote in the other state
- changing driver’s license
- registering vehicles in the other state
- applying for other privileges offered by the other state
- payment of real estate tax or income tax in the new state

If steps are not taken to change residency, a servicemember remains a resident of Iowa and is subject to Iowa income tax laws. The Director of the Iowa Department of Revenue may require an individual to provide proof that residency has been established in another state.

Nonresident Military Income

Beginning with tax year 2003, the following apply for Iowa as a result of the Servicemembers Civil Relief Act:

Compensation for military service is not considered to be Iowa-source income for nonresident servicemembers. However, nonresident servicemembers who have Iowa income from sources other than compensation for military service may be subject to Iowa income tax.

In general, the Servicemembers Civil Relief Act applies only to active duty members of the Army, Navy, Air Force, Marine Corps, or Coast Guard and to commissioned officers of the Public Health Service or the National Oceanic and Atmospheric Administration who are in active service. Generally, this does not include the National Guard or reserve personnel.

Exceptions exist for nonresident members of the National Guard who are under active duty orders under Section 502(f) of Title 32 of the United States Code and for servicemembers who are absent from duty under specific circumstances.

Servicemembers who are not residents of Iowa are required to file Iowa income tax returns if their all-source income meets the above requirements and their Iowa-source income is $1,000 or more. The nonresident servicemember does not include compensation for military service on the IA 1040 line 1 and also does not report it as Iowa income on the IA 126. The net result is a reduction of the tax rate on any other Iowa-source income.

All other income, excluding military pay, is included on the Iowa income tax return (IA 1040) and tax is initially calculated on all income, excluding military pay. Once this is done, the nonresident turns to another Iowa form, the IA 126 Nonresident and Part-Year Resident Schedule. Only Iowa-source income is included on this

form and will not include military pay when calculating the credit. That credit is entered on the IA 1040 and is designed to minimize the taxation of income by Iowa and the other state.

Nonresidents and part-year residents must file both the IA 1040 and the IA 126 with a complete copy of the federal return.

IRS Military Web Page

For further information about federal provisions that may impact military personnel, go to the IRS website at www.irs.gov/individuals/military

Spouses of Servicemembers

Under the Military Spouses Residency Relief Act of 2009 (MSRRA) and the Veterans Benefits and Transitions Act of 2018 (VBTA), the spouses of servicemembers may be exempt from Iowa income tax on income from services performed in Iowa if they are not residents of Iowa. Servicemembers' spouses are protected, by federal law, from losing their home state residency simply by being absent from their home state in order to be with the servicemember spouse who is elsewhere in compliance with military orders. Federal law also protects servicemembers' spouses from establishing residency simply by being in another state where they are located to be with the servicemember spouse pursuant to military orders. Spouses covered by the MSRRA can establish new residency when they take positive action to do so.

Under the MSRRA and Iowa law, a servicemember's spouse's income from wages, salaries, tips, etc., may be excluded from Iowa income tax if:

- the servicemember spouse is a member of the uniformed services present in Iowa in compliance with his or her orders
- the non-servicemember spouse is present in Iowa solely to be with the servicemember spouse, and
- the non-servicemember spouse is a resident of another state.

Under the VBTA, a servicemember's spouse's income from wages, salaries, tips, etc., may be excluded from Iowa income tax if:

- the non-servicemember spouse elects to use the same residence as the servicemember spouse for tax purposes.

Other income, like interest income or rental income, is included in a nonresident spouse's Iowa income and may be taxed in Iowa.

Iowa W-4

The IA W-4 includes information related to this federal law. If you claim this exclusion, check the appropriate box on the IA W-4 and enter the state other than Iowa you are claiming as your state of domicile or residence for tax purposes. Attach a copy of your spousal military identification card to the IA W-4 form provided by your employer.

Filing Iowa Income Tax Returns

Spouses who are eligible for this exclusion on their Iowa income tax return should report all-source income on the IA 1040, but should show no Iowa wages, salaries, tips, or Schedule C income on the IA 126. Enter the amount from IA 126, line 33 on IA 1040 line 48.

Iowa income tax withheld should be entered on line 63, IA 1040. Then complete the remainder of the IA 1040 to determine the amount of any refund that may be due.

IRS Military Web Page

For further information about federal tax treatment military personnel and their spouses, go to the IRS website at www.irs.gov/individuals/military

Iowans Paid in Foreign Currency

Taxpayers who are paid in foreign currency must convert the currency to U.S. dollars as required for federal tax purposes.

Mailing Address for Returns and Payments

Mail to:

Iowa Income Tax - Document Processing
P.O. Box 9187, Des Moines IA 50306-9187

Make checks payable to: Iowa Department of Iowa

- Include IA 1040V payment voucher with payment.

Electronic options are available for paying additional tax:

Credit or Debit Card - Free ePay (direct debit) through eFile & Pay

Direct Debit payment with the income tax return

- Your tax payment is made from your savings or checking account without having to write a check.
- You may be able to make a direct debit payment through your software when you file electronically.
- You may be able to schedule the payment for a future date through your tax software.
- See our payment options using EasyPay

Net Operating Losses

Iowa net operating losses (NOL) are generally carried back two years, except for losses incurred in Presidentially-declared disaster areas (3-year carryback), casualty and theft losses (3-year carryback), and losses incurred by individuals engaged in farming (5-year carryback). See IA 123 for further guidance regarding carrybacks and carryforwards.

Any federal election which is made to forego a NOL carryback period is not binding for Iowa purposes. Taxpayers may elect to waive the Iowa NOL carryback period. The election applies to the entire Iowa NOL and shall be made by the due date for filing the taxpayer's Iowa income tax return, including the extension of time to file. After the election is made for any taxable year the election shall be irrevocable. When the election has been properly made the Iowa NOL shall be carried forward up to 20 taxable years.

If you do not elect to waive your carryback period farmers may elect to carry the farming NOL back five years and forward up to 20 years. The election shall be made by the due date for filing the taxpayer's Iowa income tax return, including the extension of time to file. See line 24.

See Other Adjustments line 24, code "u"

View additional information related to the 3-year carryback period for Iowa NOLs incurred by individuals during the COVID-19 Pandemic

Nonresidents and Part-Year Residents

A nonresident or part-year resident of Iowa must complete the IA 1040 reporting the individual's total income, including income earned outside Iowa. The taxpayer is allowed adjustments to income, a federal tax deduction, and standard or itemized deductions on the same basis as if the taxpayer were a resident of Iowa.

The nonresident or part-year resident then completes a Schedule IA 126. On the IA 126, only Iowa income is reported and a percentage of Iowa income to total income is determined. The taxpayer receives a credit against the initial tax liability based on the percentage of income from outside Iowa. Therefore, the result of this credit is that only Iowa-source income is taxed.

Although non-Iowa income is used to calculate the initial tax liability at the appropriate tax rate, the non-Iowa income itself is not subject to tax. By using this method, Iowa taxes the Iowa-source income of nonresidents and part-year residents at the same rate it taxes Iowa residents. Iowa, like many states and the federal government, uses a graduated tax rate system based on level of income.

A nonresident of Iowa with all-source income of $250,000 and $10,000 of Iowa income, will use the same tax rate as an Iowa resident with $250,000 of income to calculate their initial tax liability, rather than using the same tax rate as an Iowa resident with $10,000 of total income.

A part-year resident may also complete the IA 130 if they have income earned while an Iowa resident which is taxed by another state, local jurisdiction, or foreign country. For more information, see IA 130.

Nonresidents with Gambling Winnings

Complete the IA 1040, showing income from all sources, similar to your federal return. Show gambling winnings on line 13.

Taxpayers with gambling winnings are eligible to claim gambling losses on IA Schedule A. Gambling losses are deductible only to the extent of gambling winnings reported on IA 1040, line 13. The gambling loss amount entered on your IA Schedule A shall only include losses from wagering transactions, and does not extend to business expenses incurred in the trade or business of gambling.

For example, if your gambling winnings for the year are $1,000, your IA Schedule A deduction for gambling losses cannot exceed $1,000. Taxpayers who claim the standard deduction on the Iowa return cannot deduct their gambling losses, although they must still report gambling winnings.

Complete the return through line 47. Then use the IA 126 to determine your credit based upon the percentage of Iowa income to total income.

This credit is taken on line 48. Include a copy of your federal return.

Record Keeping

Iowa income tax returns and all supporting documentation, including federal returns and all relevant schedules, should be kept for at least 10 years after filing the return.

If you have unreported income or fraudulent filings, the statute of limitations for examination by the Department is unlimited.

Refunds May Be Used to Pay Debt

The State of Iowa may take refunds to pay certain debts. This process is called offsetting refunds.

Debts that may be offset include:

- taxes owed to the State of Iowa
- taxes owed to the Internal Revenue Service
- unpaid child support
- overpayment of unemployment benefits
- fines owed to counties
- unpaid college aid loans
- Supplemental Nutrition Assistance Program (SNAP) or other food assistance overpayment
- Family Investment Program (FIP) overpayment
- any other debt owed to a state or municipal agency

Letter Sent to Taxpayer

When a refund is kept by the state to pay debt, a letter is sent to the taxpayer by the agency offsetting the money. For example, when a refund from an individual income tax return is used to pay back child support, the Department of Human Services will send a letter to the taxpayer.

More Than One Debt

A refund or payment may be taken to pay more than one debt; for instance, if a taxpayer has college aid loan debt and also has an unpaid county fine. Each offsetting agency has up to 45 days to process their offset.

Remaining Refund

If an entire refund or payment is not needed to pay the debt, the remainder will be sent to the taxpayer. If direct deposit was requested, the remainder will be refunded by direct deposit.

Innocent Spouse Relief from Joint and Several Liability

If you file a joint return, and there is an amount due, both you and your spouse are totally and equally liable for the entire debt. If you have an outstanding liability, jointly or individually, and you file a return and are due a refund, regardless if there is an existing arrangement on the account by either party, these funds are still subject to being offset. However, there is a process to follow if you believe your spouse (or former spouse) is responsible for the debt in question.

Iowa follows the federal IRS determination for relief from joint and several liability. If you desire relief from joint and several liability you should do one of the following:

- File IRS form 8857 as soon as you become aware of a tax liability for which you believe only your spouse or former spouse should be held responsible. If relief is granted, you will be asked to provide your IRS final determination letter to request relief from your Iowa tax debt.
- If you filed IRS form 8857 but did not receive a final determination letter or other document issued by the IRS you must provide the Department with other evidence to support the position that you are eligible for relief under Iowa Code section 422.21(7)
- If you did not apply for federal relief you must submit a written statement to the Department detailing the reason for not applying for relief under IRC section 6015 as well as evidence to support the position that you are eligible for relief under Iowa Code section 422.21(7)

By requesting relief from joint and several liability, you can be relieved of responsibility for paying tax, interest, and penalties if your spouse (or former spouse) improperly reported items or omitted items on your tax return. Generally, the tax, interest, and penalties that qualify for relief can only be collected from your

spouse (or former spouse). However, you are jointly and individually responsible for any tax, interest, and penalties that do not qualify for relief.

Supporting Documentation

Include all necessary supporting documentation and a copy of your federal return.

Place documents in the following order:

1. Check or Money Order
2. IA 1040V Payment Voucher
3. W-2s and 1099s
4. IA 1040
5. Iowa schedules, forms, and supporting documentation
6. Copy of complete federal return
7. Copy of any other applicable state tax returns

Do not staple the IA 1040 or any supporting documentation. Include all required schedules, even if the schedule results in zero dollars.

Use Tax

Information for Businesses and Individuals

Do you purchase items from out of state or through the internet, catalogs, magazines, or vendors who advertise on television or radio? Will those items be used in Iowa? Would they be subject to Iowa sales tax if purchased in Iowa?

Are you paying tax on those purchases? If not, you owe Iowa use tax on the purchase price. This tax was established in 1937, three years after the sales tax was enacted, to create a fair playing field for Iowa businesses.

If you purchase tangible personal property for use in Iowa and the seller does not charge you Iowa tax on the purchase, you owe a 6% tax known as the use tax on the price of the purchase.

Individuals:

Individuals without a permit who rarely make purchases subject to use tax should pay their tax in one of the following ways:

- Electronically through EasyPay Iowa
- Complete the worksheet available on the Department's website and send to:

  Iowa Department of Revenue
  PO Box 10412
  Des Moines, IA 50306-0412

Make check payable to: "Iowa Department of Revenue"

Anyone who regularly purchases merchandise from out of state for their own use in Iowa should register for a use tax permit and pay the tax on a quarterly basis.

Businesses:

Businesses making taxable purchases on a regular basis should register with the Iowa Department of Revenue to file use tax returns. However, some businesses may only occasionally make purchases for their own use and owe Iowa use tax. If this type of purchase is not typical for your business, instead of separately registering for use tax, you can report the purchase on the Total Taxable Purchases line of your monthly or annual sales and use tax return or file and pay the tax as outlined for individuals above.

For more information, see our Sales and Use Tax Guide.

What to Do If You Do Not Receive Your W-2

Each year many Iowans do not get W-2s from their employers by the January 31 date required by the IRS.

If you have moved:

Contact your employer with your new address.

If you simply have not received it:

Contact your employer and try to find out why you have not received the W-2.

If you still do not receive it:

You may also call the IRS at 800-829-1040. They will work with you and explain the steps needed to receive a substitute W-2.

Iowa will accept a copy of the substitute W-2 filed with the IRS. However, the substitute W-2 may not show Iowa withholding. No credit for Iowa withholding can be given in this case unless you have pay stubs that show Iowa withholding.

If you need a W-2 from a previous year, here are some other possible options:

- Social Security Administration (SSA) - may provide copies of Forms W-2 for retirement purposes at no charge and for other than retirement purposes for a fee. Call 1-800-772-1213, or visit the SSA web site at www.ssa.gov for instructions on how to obtain wage information from the SSA.
- Internal Revenue Service (IRS) - may provide an exact copy of a previously filed and processed tax return with attachments (including the form W-2). You should complete Form 4506, Request for Copy of Tax Return, and mail it to the address listed in the instructions. A fee will be charged for each tax year requested.

Note: The Iowa Department of Revenue is not able to provide you with a copy of your W-2 information.