

BEGINNING FARMER TAX CREDIT CHANGES

Prior Law

The Agricultural Assets Transfer Tax Credit is available for individual and corporation income taxes for landowners that assist beginning farmers in acquiring agricultural assets, such as land or equipment, by lease or rental agreement. The Iowa Agriculture Development Authority (IADA) is responsible for determining tax credit eligibility. The IADA may issue up to \$12 million in tax credits per year. The tax credit equals 7% of the amount paid to the taxpayer under the agreement or 17% of the amount paid to the taxpayer from crops or animals sold under an agreement in which the payment is exclusively made from the sale of crops or animals.

The credit provides a carryforward period, which allows a taxpayer to claim a tax credit in excess of the taxpayer's liability for the current tax year. The length of the carryforward period was five years.

New Provisions

The Act increases the carryforward period of unused credit from five years to ten years. The purpose of this change is to maximize use of the credit.

Section Amended

Section 4 of 2014 Iowa Acts House File 2454 amends Iowa Code section 175.37, subsection 6, Code 2014. Section 8 of 2014 Iowa Acts House File 2454 amends Iowa Code section 16.80, subsection 6, Code 2014. Section 14 of 2014 Iowa Acts House File 2454 amends Iowa Code section 16.80, subsection 7, Code 2014. Section 17 of 2014 Iowa Acts House File 2454 amends Iowa Code section 175.38, subsection 9, Code 2014. Section 21 of 2014 Iowa Acts House File 2454 amends Iowa Code section 16.81, subsection 9, Code 2014.

Effective Date

Effective July 1, 2014 and retroactive to January 1, 2008, for tax years beginning on or after that date.