



## Summary of Key Effective Dates

On May 30, 2018, Iowa Governor Kim Reynolds signed extensive tax reform into law. The provisions of the new tax reform law become effective at different times. This guide summarizes when key provisions become effective.

*Disclaimer: The information provided below is a high-level summary of the effective dates in the tax reform law (SF2417); it does not address every provision of the tax reform law enacted during the 2018 legislative session. Additional information regarding tax reform implementation can be found on our website.*

### Income Tax Changes for Individuals

529 Plan and ABLE Transfer Conformity K-12 Tuition Withdrawals from 529 Plans	Effective for tax years beginning on or after Jan. 1, 2018
Taxpayers Trust Fund Credit	Repealed effective Jan. 1, 2018
Earned Income Tax Credit Conformity Tax-free IRA Charitable Distributions Teacher Expense Deduction Conformity Sales & Use Tax Deduction Conformity Accounting Method Conformity Pension Rollover Conformity	Effective for tax years beginning on or after Jan. 1, 2018 but before Jan. 1, 2019
All Individual Rates Reduced, Top Rate Becomes 8.53%	
General Conformity to most provisions of Tax Cuts and Jobs Act (TCJA), as amended State and Local Tax (SALT) Deduction Not Capped	Effective for tax years beginning on or after Jan. 1, 2019
“Rolling” Federal Conformity Begins	Effective for tax years beginning on or after Jan. 1, 2020
Number of Tax Brackets Reduced to four with Top Rate Reduced to 6.5% Federal Deductibility Repealed Federal Taxable Income Becomes the Starting Point for Iowa Income Taxes	Effective for tax years beginning Jan. 1, 2023, subject to triggers
School Tuition Organization Tax Credit	Annual Cap increased beginning Jan. 1, 2019
Geothermal Tax Credit	Repealed Jan. 1, 2019

## Income Tax Changes for Business

Research Activities Credit: Limitation on Businesses Eligible for Credit	Effective for tax years beginning on or after Jan. 1, 2017
General Conformity to most provisions of TCJA, as amended	Effective for tax years beginning on or after Jan. 1, 2019
Qualified Business Income Deduction	Phase-in begins for tax years beginning on or after Jan. 1, 2019 through Jan. 1, 2022
Section 179 Deduction Increase (No Bonus Depreciation)	Phase-in begins in tax years beginning on or after Jan. 1, 2018 for individuals and entities other than corporations. Phase-in begins for tax years beginning on or after Jan. 1, 2019 for corporations. Federal TCJA limits fully phased in for tax years beginning on or after Jan. 1, 2020
Transitional rule for Individuals with Multiple Passthrough Interests with Section 179 Expensing	Available for tax years beginning on or after Jan. 1, 2018 but before Jan. 1, 2020
Federal Deductibility Elimination	Eliminated for corporations for tax years beginning on or after Jan. 1, 2022. During the final year, deduction applies only to payments for a tax year beginning before Jan. 1, 2021
Like-kind Exchange Allowed for certain personal property	Available to individuals for exchanges during tax years beginning on or after Jan. 1, 2018 and before Jan. 1, 2020
“Rolling” Conformity	Effective for tax years beginning on or after Jan. 1, 2020
All Corporate Rates Reduced, Top Rate Becomes 9.8%	Effective for tax years beginning on or after Jan. 1, 2021
Corporate Alternative Minimum Tax (AMT) Repealed	Effective for tax years beginning on or after Jan. 1, 2021
Corporate AMT Credit Repealed	Effective for tax years beginning on or after Jan. 1, 2022
Changes to Net Operating Loss Deduction and Carryforwards	Effective for tax years beginning on or after Jan. 1, 2023, subject to triggers
Innovation Fund Tax Credit	Period for certifying funds extended through Jun. 30, 2023

## Sales Tax and Excise Tax Changes

Manufacturing Exemption Changes	Effective for sales made on or after May 30, 2018
Photography & Retouching Services Taxed as Taxable Services	Effective for sales made on or after July 1, 2018
Digital Photographs/Electronically Transferred Products Taxable	Effective for sales made on or after January 1, 2019
“Bundled Transaction” definition	Effective for sales made on or after July 1, 2018
Marketplace Fairness - Marketplace Facilitator and Out-of-State Retailer Collection Requirements	Effective for sales made into IA on or after Jan. 1, 2019
Base Modernization and Parity Provisions (Digital Economy)	Effective for sales made on or after Jan. 1, 2019
Local Option Sales Tax (LOST) changes	Effective for sales made on or after Jan. 1, 2019
Hotel/Motel Tax Marketplace Modernization	Effective for sales made on or after Jan. 1, 2019
Auto Rental Tax Marketplace Modernization	Effective for sales made on or after Jan. 1, 2019