

# Iowa Status on Federal Extenders for Tax Year 2008

April 27, 2009

## Coupling with Federal Extenders

We continue to receive inquiries about whether Iowa will adopt the federal provisions for what are commonly referred to as the federal “extenders.” The Iowa Legislature has adjourned its 2009 session. Iowa will not be coupling with the 2008 federal law provisions related to extenders.

The federal extender provisions include:

- Educator Expenses (Line 24; IA 1040)
- Tuition and Fees (Line 24; IA 1040)
- Itemized Deduction for State Sales / Use Tax Paid (Line 4; IA Schedule A)

Iowa income tax returns must be filed based upon current Iowa law. Therefore, the extenders should not be included on Iowa returns. Taxpayers who have already filed Iowa returns and claimed one or more of the extenders should file an Iowa amended return to exclude any items originally claimed that would not qualify under current Iowa law. The Department made an assumption when printing the 2008 income tax booklet that Iowa would follow the federal treatment; therefore, the information in that booklet is contrary to this updated position.

## Other Federal Changes

As a reminder, Iowa did couple with two federal income tax changes that became effective after January 1, 2008:

- The 2008 Legislature coupled with the increased Section 179 expensing to \$250,000 for the 2008 tax year only; and
- Iowa coupled with federal changes to the 2008 research activities credit as it relates to calculation of the Iowa research activities credit.

**Instructions / forms begin on the next page.**



If you itemize deductions, attach a copy of this schedule or a copy of the federal Schedule A to your return.

Table with 2 columns: Name(s) as shown on page 1 of the IA 1040, Social Security Number

NOTE: If you have federal Bonus Depreciation, please see the 2008 Expanded Instructions on our Web site.

Do not include health insurance premiums deducted on IA 1040, line 18.

Table with 3 columns: Medical and Dental Expenses, Line number, Amount

Table with 3 columns: Taxes You Paid, Line number, Amount

Table with 3 columns: Interest You Paid, Line number, Amount

Table with 3 columns: Gifts to Charity, Line number, Amount

Table with 3 columns: Casualty/Theft Loss, Line number, Amount

Table with 3 columns: Job Expenses and Misc. Deductions, Line number, Amount

Table with 3 columns: Other Misc. Deductions, Line number, Amount

Table with 3 columns: Total Itemized Deductions, Line number, Amount

Table with 3 columns: Proration of Deductions Between Spouses, Line number, Amount

\*If you filed federal 1040A, see line 21; if federal 1040EZ, see line 4.



# 2008 IA 1040 Schedule B

## Interest and Dividend Income

Name(s) as shown on page 1 of the IA 1040	Social Security Number				
	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 25%; height: 20px;"></td> </tr> </table>				

**NOTE:** You must report all taxable interest and dividends on IA 1040, even if you are not required to complete Schedule B.

**PART I:**  
**INTEREST**  
**INCOME**

You must complete this part if you received more than \$1,500 in interest in 2008. Interest income which should be reported includes earnings from savings and loan associations, mutual savings banks, cooperative banks, credit unions, and bank deposits; State and municipal bonds (see instructions for IA 1040, line 2, Taxable Interest Income), and interest from tax refunds. Do not report interest from federal securities.

For each payer, indicate the type of account. If the interest was earned by you, check the column labeled "Taxpayer." If the interest was earned by your spouse, check "Spouse." If the interest was earned jointly, check "Joint." Check only one for each payer.

**Interest Income.** List Names of All Payers.

Name of Payer	Check one for each payer			AMOUNT
	Taxpayer	Spouse	Joint	
				.00
				.00
				.00
				.00
				.00
				.00
				.00
				.00
				.00
				.00
				.00
				.00
				.00
				.00
<b>Total Taxable Interest Income.</b> Add the amounts; enter here and on IA 1040, line 2 .....				.00

**PART II:**  
**DIVIDEND**  
**INCOME**

You must complete this part if you received more than \$1,500 in gross dividends in 2008. Deduct that portion of any net dividend from mutual funds that is attributable to federal securities.

For each payer, indicate the type of account. If the dividends were earned by you, check the column labeled "Taxpayer." If the dividends were earned by your spouse, check "Spouse." If the dividends were earned jointly, check "Joint." Check only one for each payer.

**Dividend Income.** List Names of All Payers.

Name of Payer	Check one for each payer			AMOUNT
	Taxpayer	Spouse	Joint	
				.00
				.00
				.00
				.00
				.00
				.00
				.00
				.00
				.00
				.00
				.00
				.00
				.00
				.00
<b>Total Taxable Dividend Income.</b> Add the amounts; enter here and on IA 1040, line 3 .....				.00