



# 2023 Individual Income Tax Update



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# Disclaimer

This presentation is intended for general educational purposes only, nothing should be construed as legal advice. The Iowa Department of Revenue could take a contrary position in the future to one stated in this presentation.

Any oral or written opinion by Department personnel not pursuant to a Petition for Declaratory Order under Iowa Administrative Code rule 701—7.24 is not binding upon the Department.

# About the Department

## MISSION STATEMENT

The mission of the Iowa Department of Revenue is to serve Iowans and support state government by collecting all taxes required by law, but no more.

## VISION

Iowa will be a state where it is easy to understand and comply with tax obligations for all Iowa tax filers.

## VALUES

- I**ntegrity first
- D**edicated to teamwork
- R**eady to serve

# Overview

## **Tax Year 2023 Legislation:** Individual Income

- HF 68 - Educational Savings Accounts
- SF 181 - Retirement Income Withholding
- SF 565
  - 1st Time Homebuyer & IA Educational Savings Accts
  - Depreciation Clarification
  - Filing Status
  - Tax Return Preparers
  - Material Participation Fix

# Overview

## **Tax Year 2022 Legislation:** Individual Income and Withholding

- HF 2317
  - Sale of Qualified Stock Exclusion
  - Retired Farmer Lease Income Exclusion
  - Farmer Capital Gain Exclusion
  - Individual Income Tax Rates
  - Retirement Income Exclusion
- HF 2552 - Income Statements Provided to the Department

## **Tax Year 2018**

- SF 2417 - Contingent Income Tax Changes

## **Common Errors**



# 2023 Legislation

# HF 68 - Educational Savings Accounts

- Students First Act
  - Resident Pupil
  - Annual Income Threshold
    - School Budget Year Beginning July 1, 2023
      - Attended Accredited Non-Public School - 300% Poverty Limit
      - Attended Public School - No Income Limit
    - School Budget Year Beginning July 1, 2024
      - Attended Accredited Non-Public School - 400% Poverty Limit
      - Attended Public School - No Income Limit
    - School Budget Year Beginning July 1, 2025
      - No Income Limit

# HF 68 - Educational Savings Accounts

- Deduct, to the extent included, the amount of educational savings accounts payments used for qualifying expenses
  - Report on Schedule 1, line 19, code nn

Effective date: January 1, 2023



# SF 181 - Retirement Income Withholding

- Provision clarifies that retirement withholding is only required if the payments are subject to Iowa tax

Effective date: January 1, 2023

## **Div I - IA Educational Savings Plan and 1st Time Homebuyer**

- Ties due date for making contributions, designating a FTHB account, designating a beneficiary, and filing an annual report to the 1040 tax return due date, including extensions.
- Effective date: July 1, 2023

## **Div II - Depreciation Clarification**

- This provision clarifies that Iowa-specific depreciation deductions resulting from this past nonconformity will still be allowed until used up.
- Effective date: January 1, 2023

## **Div III - Filing Status**


- Clarifies that taxpayers are required to use the same filing status as used for federal purposes.
- Effective date: July 1, 2023

## **Div VII - Tax Return Preparers**

- Authorizes an individual to Act on behalf of a taxpayer on a prescribed form or requirements may be integrated into a return, allows the department to establish by rule documentation required to verify authorization to act.
  - Added Disclosure Designee to income Tax returns
- Expands the term tax return preparer to included licensed professionals for purposes of PTIN reporting requirement.
- Effective date: July 1, 2023

# Tax Return Preparers - New

## Continuing Education Form - GCI Online Submission



**Other Actions**

Respond to a letter, submit various forms, and more.

- > [Respond to a Letter](#)
- > [Find a Saved Draft or Submission](#)
- > [Submit a Voluntary Disclosure Proposal](#)
- > [Submit an Income Tax Preparer Continuing Education Form](#)
- > [Petition the Department](#)

## **Div XIII - Material Participation Fix for Farmers**

- This provision excepts from the definition of material participation IRC 469(h)(3)
- Effective date: January 1, 2023

# Iowa Department of **REVENUE**



KIM REYNOLDS  
GOVERNOR

OFFICE OF THE GOVERNOR

ADAM GREGG  
LT GOVERNOR

March 1, 2022

The Honorable Paul Pate  
Secretary of State of Iowa  
State Capitol  
Des Moines, Iowa 50319

Dear Mr. Secretary,

I hereby transmit:

House File 2317, an Act relating to state revenue and finance by modifying individual income tax rates, exemptions, and credits, corporate income tax rates and credits, credits against the franchise tax, the insurance premiums tax, and the moneys and credits tax, and the Tax Expenditure Committee, making contingent transfers from the Taxpayer Relief Fund, and including effective date and applicability provisions.

The above House File is hereby approved on this date.

Sincerely,

A handwritten signature in black ink that reads "Kim Reynolds".

Kim Reynolds  
Governor of Iowa

## House File (HF) 2317



# HF 2317 - Sale of Qualified Stock

**Effective date: January 1, 2023**

Subtract % of net capital gain from sale of stock of qualified corporation for which election has been made

- Tax years beginning in 2023 calendar year - 33%
- Tax years beginning in 2024 calendar year - 66%
- Tax years beginning on or after 2025 calendar year - 100%

DIVISION I

SALE OF CERTAIN QUALIFIED STOCK — NET CAPITAL GAIN EXCLUSION

Section 1. Section 422.7, Code 2022, is amended by adding the following new subsection:

NEW SUBSECTION. 63. *a.* Subtract the following percentage of the net capital gain from the sale or exchange of capital stock of a qualified corporation for which an election is made by an employee-owner:

- (1) For the tax year beginning in the 2023 calendar year, thirty-three percent.
- (2) For the tax year beginning in the 2024 calendar year, sixty-six percent.
- (3) For tax years beginning on or after January 1, 2025, one hundred percent.

*b.* (1) An employee-owner is entitled to make one irrevocable lifetime election to exclude the net capital gain from the sale or exchange of capital stock of one

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qualified corporation which capital stock was acquired by the employee-owner while employed and on account of employment by such qualified corporation.

(2) The election shall apply to all subsequent sales or exchanges of qualifying capital stock of the elected corporation within fifteen years of the date of the election, provided that the subsequent sales or exchanges were of capital stock in the same qualified corporation and were acquired by the employee-owner while employed and on account of employment by such qualified corporation.

# HF 2317 - Sale of Qualified Stock

## **Capital Stock means:**

- Common or preferred stock
- Voting or nonvoting

## **Capital Stock does not include:**

- Stock rights
- Stock warrants
- Stock options
- Debt securities

# HF 2317 - Sale of Qualified Stock

## **Employee-owner means:**

Individual who owns capital stock in a qualified corporation

- For at least 10 years
- Was acquired by the individual while employed and on account of employment by such corporations
- Employed at least 10 cumulative years

# HF 2317 - Sale of Qualified Stock

## **7051C - Admin Rules**

- While Employed Includes
  - Capital Stock received as compensation
  - Capital stock acquired from:
    - Stock Right
    - Stock Warrant
    - Stock Option

# HF 2317 - Sale of Qualified Stock

## **7051C - Admin Rules**

- On Account of Employment
  - Must have acquired stock in a manner only available to employees of the qualified corporation.
  - Capital stock acquired at formation in exchange for capital contribution does not qualify.

# HF 2317 - Sale of Qualified Stock

Qualified corporation **means** with respect to an employee owner, a corporation which at the time of the first sale or exchange for which the election is made meets the following conditions:

- Employed individuals in this state for at least 10 years
- Had at least 5 shareholders for the 10 years prior to the sale or exchange
- Had at least 2 shareholders or groups of shareholders who are not related for the 10 years prior to the first sale or exchange

# HF 2317 - Sale of Qualified Stock

## **Qualified corporation - Related Shareholder:**

- IRC 318 personal related
  - Brother
  - Sister
  - Aunt
  - Uncle
  - Niece

## **Qualified corporation - Includes:**

- Any member of an Iowa affiliated group
  - Must have employed individuals in this state for at least 10 years
  - Affiliated group must have made a valid election to file an Iowa consolidated income tax return
- Corporation that was party to a reorganization that was entirely or substantially tax free

# HF 2317 - Sale of Qualified Stock

Employee owner is entitled to make one irrevocable lifetime election

- Exclude the net capital gain from the sale or exchange of capital stock of **one qualified corporation**
- Capital stock was acquired **on account of employment** by qualified corporation

Election applies to:

- All subsequent sales or exchanges within **15 years** of date of election
- Qualifying capital that has been transferred by **inter vivos gift** from employee owner to
  - Employee-owners spouse
  - Trust for the benefit for the benefit of the spouse
  - **Note:** Must be spouse on date of exchange or dod



# HF 2317 - Sale of Qualified Stock

If employee owner dies after selling or exchanging qualifying capital stock without making election:

- Surviving spouse or personal representative may make the election on the decedent's final tax return.

# 2023 IA 100J - Capital Stock Election

## **Instructions for 2023 IA 100J – Capital Stock Election**

The Iowa capital gain deduction for the sale of qualifying capital stock is new for tax year 2023. For tax year 2023, taxpayers are allowed a deduction equal to 33% of the net capital gain from the sale or exchange. This will increase to 66% in tax year 2024, and then to 100% in tax years beginning on or after January 1, 2025.

# 2023 IA 100J - Capital Stock Election



**2023 IA 100J**

Iowa Capital Gain Deduction – Capital Stock Election

[tax.iowa.gov](http://tax.iowa.gov)

Name(s):

SSN:

1. Corporation that issued the elected stock:
2. Is the taxpayer making or has the taxpayer previously made a single, lifetime election to exclude the capital gain from the sale or exchange of a single stock?
  - ☐ No      This form is only for taxpayers who have previously made or are currently making the election. Stop.
  - ☐ Yes, the taxpayer previously made the election.      Continue to line 3.
  - ☐ Yes, the taxpayer is currently making the election.      Continue to line 4.

# HF 2317 - Retired Farmer Lease Income Exclusion

**Effective date: January 1, 2023**

Subtract to the extent included net income received by an eligible individual pursuant to a farm tenancy agreement

- Covering real property held by an eligible individual for 10 or more years
- Eligible individual materially participated in the farming business for 10 or more years

## DIVISION II

### RETIRED FARMER LEASE INCOME EXCLUSION

Sec. 4. Section 422.7, Code 2022, is amended by adding the following new subsection:

**NEW SUBSECTION.** 21A. a. Subtract, to the extent included, net income received by an eligible individual pursuant to a farm tenancy agreement covering real property held by the eligible individual for ten or more years, if the eligible individual materially participated in a farming business for ten or more years.

b. An individual who elects to exclude income received pursuant to a farm tenancy agreement under this subsection shall not claim any of the following in the tax year in which the election is made or in any succeeding year:

(1) The capital gain exclusion under subsection 21.

(2) The beginning farmer tax credit under section 422.11E.

c. Married individuals who file separate state income tax returns shall allocate their combined annual exclusion limit to each spouse in the proportion that each spouse's respective net income from a farm tenancy agreement bears to the total net income from a farm tenancy agreement.

d. The department shall establish criteria, by rule, relating to whether and how a surviving spouse may claim the income exclusion for which a deceased eligible individual would have been eligible under this subsection.

e. Net income from a farm tenancy agreement earned, received, or reported by an entity taxed as a partnership for federal tax purposes, an S corporation, or a trust or estate is not eligible for the election and deduction in this subsection, even if such net income ultimately passes through to an eligible individual.

f. For purposes of this subsection:

(1) "Eligible individual" means an individual who is disabled or who is fifty-five years of age or older at the time the election is made, who no longer materially participates in a farming business at the time the election is made, and who, as an owner-lessor, is party to a farm tenancy agreement.

# HF 2317 - Retired Farmer Lease Income Exclusion

## **Farm Tenancy Agreement means:**

A **written** agreement outlines the rights and obligations of an owner-lessor and a tenant-lessee where the tenant lessee has a farm tenancy agreement defined in Iowa Code section 562.1A

- Cash leases
- Crop Share leases
- Livestock share leases

# HF 2317 - Retired Farmer Lease Income Exclusion

## **Eligible individual means:**

- Individual who is disabled or who is 55 years of age or older at the time of the election
- No longer materially participate in a farming business
- As an owner-lessor, is party to a farm tenancy agreement

## **Materially participated means:**

- Same as “material participation” in section 469(h) of the IRC

# HF 2317 - Retired Farmer Lease Income Exclusion

## **Farming business means:**

- The production, care, growing, harvesting, preservation, handling, or storage of crops or forest or fruit trees; the production, care, feeding, management, and housing of livestock; or horticulture, all intended for profit.

## **Livestock means:**

- Same as defined in Iowa Code section 717.1: means an animal belonging to the bovine, caprine, equine, ovine, or porcine species, ostriches, rheas, emus; farm deer as defined in Iowa Code section 170.1; or poultry.

# HF 2317 - Retired Farmer Lease Income Exclusion

Individual who elects to **exclude** income from farm tenancy agreement **shall not** claim the following in the year in which the election is made or in any succeeding year:

- Capital gain exclusion
- Beginning farmer tax credit



# HF 2317 - Retired Farmer Lease Income Exclusion

## **Married individuals who file separate returns:**

- Allocate their combined annual exclusion limit to each spouse in proportion to each spouses respective net income from a farm tenancy agreement bears to the total net income from a farm tenancy agreement.

## **Partnership, S Corporations, Trusts, Estate**

- Not eligible for the election even if net income passes through to an eligible individual.

# 2023 IA 125 - Farm Tenancy Exclusion

Iowa Department of  
**REVENUE**

**2023 IA 125**

Farm Tenancy Income Exclusion

[tax.iowa.gov](http://tax.iowa.gov)

Name(s): \_\_\_\_\_ SSN: \_\_\_\_\_

**Purpose of form:** This form is for taxpayers who are eligible individuals and want to make the lifetime election to exclude their net income from a farm tenancy agreement covering real property.

# 2023 IA 125 - Farm Tenancy Exclusion

## Part I: Eligible Individual Election

1. Is the taxpayer an eligible individual? See instructions for definition.  
No ☐.....Continue to Part II, line 1  
Yes ☐.....Continue to Part I, line 2. If the taxpayer is both an eligible individual and a surviving spouse, the taxpayer must complete Part II.
2. Is the taxpayer making a lifetime election to exclude net income from a farm tenancy agreement covering real property? This will disqualify the taxpayer from claiming the beginning farmer tax credit or electing to deduct capital gains from the sale of real property used in a farming business, cattle, horses, or other breeding livestock in this tax year or in any subsequent tax year.  
No ☐.....The taxpayer is not eligible to take this exclusion. Stop.  
Yes ☐.....Continue to Part I, line 3
3. Did the taxpayer claim the beginning farmer tax credit this tax year?  
No ☐.....Continue to Part I, line 4  
Yes ☐.....The taxpayer is not eligible to take this exclusion. Stop.
4. Did the taxpayer, as a retired farmer, elect to exclude capital gains from the sale of real property used in a farming business, cattle, horses, or other breeding livestock in this tax year or any prior tax year? See instructions.  
No ☐.....Continue to Part III, line 1  
Yes ☐.....The taxpayer is not eligible to take this exclusion. Stop.

# 2023 IA 125 - Farm Tenancy Exclusion

## Part II: Surviving Spouse of an Eligible Individual

1. Is the taxpayer the surviving spouse of an eligible individual?  
No ☐.....The taxpayer is not eligible for this exclusion. Stop.  
Yes ☐.....Continue to Part II, line 2
2. Provide the date of the spouse's death (mm/dd/yyyy): \_\_\_\_\_
3. Did the decedent make an election to exclude net income from a farm tenancy agreement covering real property prior to death?  
No ☐.....Continue to Part II, line 4  
Yes ☐.....See instructions before continuing to Part III, line 1.
4. Did the decedent make an election to exclude capital gains from the sale of real property, cattle, horses, or other breeding livestock prior to death?  
No ☐.....See instructions about making an election on the spouse's behalf. Stop.  
Yes ☐.....See instructions

# HF 2317 - Retired Farmer Capital Gain Exclusion

**Effective date: January 1, 2023**

## Definitions:

- Farming business - same as above
- Held - IRC 1223
- Livestock - Defined in section Iowa Code section 717.1
- Materially Participated - IRC 469(h)

### DIVISION III

#### RETIRED FARMER CAPITAL GAIN EXCLUSION

Sec. 7. Section 422.7, subsection 21, Code 2022, is amended by striking the subsection and inserting in lieu thereof the following:

21. a. For purposes of this subsection:

(1) *"Farming business"* means the production, care, growing, harvesting, preservation, handling, or storage of crops or forest or fruit trees; the production, care, feeding, management, and housing of livestock; or horticulture, all for intended profit.

(2) *"Held"* shall be determined with reference to the holding period provisions of section 1223 of the Internal Revenue Code and the federal regulations pursuant thereto.

(3) *"Livestock"* means the same as defined in section 717.1.

(4) *"Materially participated"* means the same as *"material participation"* in section 469(h) of the Internal Revenue Code.

(5) (a) *"Real property used in a farming business"* means all tracts of land and the improvements and structures located on such tracts which are in good faith used primarily for a farming business. Buildings which are primarily used or intended for human habitation are deemed to be used in a farming business when the building is located on or adjacent

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to the parcel used in the farming business. Land and the nonresidential improvements and structures located on such land that shall be considered to be used primarily in a farming business include but are not limited to land, improvements or structures used for the storage or maintenance of farm

# HF 2317 - Retired Farmer Capital Gain Exclusion

## **Definitions: Real property used in a farming business**

- All **tracts of land** and the **improvements** and **structures** located on such tracts which are in good faith used primarily for a farming business
- **Buildings** which are primarily used or intended for human habitation are deemed to be used in a farming business when the building is located on or adjacent to the parcel used in the farming business.

# HF 2317 - Retired Farmer Capital Gain Exclusion

## **Definitions: Real property used in a farming business**

Land and the nonresidential improvements and structures located on such land that shall be considered to be used primarily in a farming business include:

- Land
- Improvements or structures used for the storage or maintenance of farm machinery or equipment, for the drying, storage, handling, or preservation of agricultural crops, or for the storage of farm inputs, feed, or manure.

## **Definitions: Real property used in a farming business**

- Real property classified as agricultural property for Iowa property tax purposes, except real property described in Iowa Code section 441.21(12)(a/b), shall be presumed to be real property used in a farming business.



# HF 2317 - Retired Farmer Capital Gain Exclusion

## **Definitions: Relative**

A person satisfying on of the following conditions:

- The individual is related to the taxpayer by consanguinity or affinity within the second degree as determined by common law.
- The individual is a lineal descendent of the taxpayer
- An entity in which an individual who satisfies one of the conditions above has a legal or equitable interest as an owner, member, partner, or beneficiary

## **Definitions: Retired Farmer**

An individual who is:

- Disabled
- Or who is fifty-five years of age or older
- And who no longer materially participates in a farming business when an exclusion and deduction is claimed under this subsection



# HF 2317 - Retired Farmer Capital Gain Exclusion

Subtract the net capital gain from the sale of real property used in a farming business if one of the following Conditions are satisfied:

- Taxpayer **materially participated** in a farming business for **10 years** and **held real estate** used in a farming business for **10 years**
- The taxpayer has **held the real property** used in a farming business which is **sold to a relative of the taxpayer**

# HF 2317 - Retired Farmer Capital Gain Exclusion

For taxpayer who is **retired** subtract the net capital gain from the sale of Cattle or horses held for:

- Breeding, draft, dairy, or sporting purposes for a period of **24 months** or more from the date of acquisition

# HF 2317 - Retired Farmer Capital Gain Exclusion

For taxpayer who is **retired** subtract the net capital gain from the sale of breeding livestock, other than cattle and horses

- Livestock is held by the taxpayer for a period of **12 months**

# HF 2317 - Retired Farmer Capital Gain Exclusion

**Retired farmer** may make a single lifetime election to exclude capital gain from sale of:

- Real Property
- Cattle or horses
- Breeding livestock other than cattle or horses

**Retired farmer** who make single lifetime election shall not claim in the year of election of subsequent years:

- Beginning farmer credit
- Exclusion from net income from farm tenancy agreement

# HF 2317 - Retired Farmer Capital Gain Exclusion

## **Married individuals who file separate returns**

- Allocate combined annual net capital gain exclusion to each spouse in proportion to each spouse's net gain bears to the total net gain.

## **Installment Sales**

- Allows installments for sales initiated prior to Jan 1, 2023 to qualify for the capital gains exclusion in effect prior to that date

# 2023 IA 100G - Iowa Capital Gains Deduction Retired Farmers



**2023 IA 100G**

Iowa Capital Gain Deduction – Retired Farmers

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[tax.iowa.gov](http://tax.iowa.gov)

Name(s)      SSN

**Purpose of form:** This form is for taxpayers who are retired farmers and want to make the single lifetime election to claim the capital gain deduction from the sale of real property, cattle, horses, or other breeding livestock used in a farming business. This form should be used for sales occurring on or after January 1, 2023. Taxpayers that are not retired farmers, surviving spouses of retired farmers, or are not making the lifetime election should use form IA 100H instead of this form.

# 2023 IA 100G - Iowa Capital Gains Deduction

## Retired Farmers

### Part I: Retired Farmer Election

1. Is the taxpayer a retired farmer? See instructions for definition.  
No ☐..... Continue to Part II, line 1.  
Yes ☐..... Continue to Part I, line 2. If the taxpayer is both a retired farmer and a surviving spouse, the taxpayer must complete Part II.
2. Is the taxpayer making a lifetime election to exclude qualifying capital gains from the sale of cattle, horses, breeding livestock, or real property used in a farming business? This will disqualify the taxpayer from claiming the beginning farmer tax credit or electing to deduct income from a farm tenancy agreement in this tax year or in any subsequent tax year.  
No ☐..... Complete form IA 100H, if eligible. Stop.  
Yes ☐..... Continue to Part I, line 3.
3. Did the taxpayer claim the beginning farmer tax credit the current tax year?  
No ☐..... Continue to Part I, line 4.  
Yes ☐..... Sale is not eligible for Iowa capital gain deduction. Stop.
4. Did the taxpayer elect to exclude income from a farm tenancy agreement in this tax year or any prior tax year? See instructions.  
No ☐..... Continue to Part III, line 1.  
Yes ☐..... Sale is not eligible for Iowa capital gain deduction. Stop.

# 2023 IA 100G - Iowa Capital Gains Deduction

## Retired Farmers

### Part II: Surviving Spouse of a Retired Farmer

1. Is the taxpayer the surviving spouse of a retired farmer?  
No ☐..... Complete form IA 100H, if eligible. Stop.  
Yes ☐..... Continue to Part II, line 2.
2. Provide the date of the decedent's death (mm/dd/yyyy): \_\_\_\_\_
3. Did the decedent, prior to death, make an election to exclude capital gains from the sale of real property, cattle, horses, or other breeding livestock?  
No ☐..... Continue to Part II, line 4.  
Yes ☐..... See instructions before continuing to Part III, line 1.
4. Did the decedent, prior to death, make an election to exclude net income from a farm tenancy agreement?  
No ☐..... See instructions about making an election on the spouse's behalf. Stop.  
Yes ☐..... See instructions.



# 2023 IA 100H - Real Property Used in a Farming Business



**2023 IA 100H**

Iowa Capital Gain Deduction – Real Property Used in a Farming Business

[tax.iowa.gov](http://tax.iowa.gov)

Name(s): \_\_\_\_\_ SSN: \_\_\_\_\_

**Purpose of Form:** This form is for taxpayers who want to claim the capital gain deduction from the sale of real property used in a farming business. This form should only be used for sales occurring on or after January 1, 2023. Capital gain deductions for installments from sales of real property used in a farming business commencing prior to January 1, 2023 should be reported on the 2023 IA 100B.

**NOTE:** Taxpayers that are retired farmers that want to make the lifetime election to exclude qualifying capital gains from the sale of real property, cattle or horses, or other livestock should use form IA100G instead of this form. See instructions for more information.

# 2023 IA 100H - Real Property Used in a Farming Business

## Part I: Sale of Real Property Used in a Farming Business

1. Property address or legal description (include county and a general description of the location):  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_
2. Total number of acres sold: \_\_\_\_\_
3. Was the property sold to a relative of the taxpayer? See instructions for definition of relative.  
No ☐ ..... Continue to Part I, line 4  
Yes ☐ ..... Continue to Part III, line 1
4. Ownership period
  - a. Date acquired (mm/dd/yyyy): \_\_\_\_\_
  - b. Date sold (mm/dd/yyyy): \_\_\_\_\_
5. Length of holding period ..... Years: \_\_\_\_\_ Months: \_\_\_\_\_
6. If the taxpayer did not own the property for at least 10 years, explain how the taxpayer held the property for at least 10 years under Internal Revenue Code (IRC) section 1223.

# HF 2317 - Individual Income Tax Rates

Income Tax Brackets		Rates			
<u>Lower Limit</u>	<u>Upper Limit</u>	<u>TY 2023</u>	<u>TY 2024</u>	<u>TY 2025</u>	<u>TY 2026</u>
\$0	\$6,000	4.40%	4.40%	4.40%	3.90%
\$6,001	\$30,000	4.82%	4.82%	4.82%	3.90%
\$30,001	\$75,000	5.70%	5.70%	4.82%	3.90%
\$75,001	And Over	6.00%	5.70%	4.82%	3.90%
Note: Brackets Double for Married Filing jointly					

# Tax Rate Schedules

- The Department is moving away from the rate table to rate schedule, will calculate to the penny, may result in more correspondence if numbers are rounded.

# HF 2317 - Alternative Tax Rates

Rates			
<u>TY 2023</u>	<u>TY 2024</u>	<u>TY 2025</u>	<u>TY 2026</u>
6.00%	5.70%	5.20%	4.40%

# HF 2317 - Retirement Income Exclusion

**Effective date: January 1, 2023**

**Tax not imposed on resident or nonresidents w/  
net income of (Iowa Code § 422.7(3)(a))**

- \$13,500 (\$32,000 65 or older) or less MFJ, HOH and Surviving spouse
- \$9,000 (\$24,000 65 or older) or less all other persons

**Net income for purposes of this section**

- Removed \$6,000/\$12,000 limit on retirement exclusion

**Note:** For purposes of this section NI will no longer include add-back of pensions or other retirement income exclusion.

DIVISION VI  
RETIREMENT INCOME

Sec. 25. Section 422.5, subsection 3, paragraph a, Code 2022, is amended to read as follows:

a. The tax shall not be imposed on a resident or nonresident whose net income, as defined in section 422.7, is thirteen thousand five hundred dollars or less in the case of married persons filing jointly or filing separately on a combined return, heads of household, and surviving spouses or nine thousand dollars or less in the case of all other persons; but in the event that the payment of tax under this subchapter would reduce the net income to less than thirteen thousand five hundred dollars or nine thousand dollars as applicable, then the tax shall be reduced to that amount which would result in allowing the taxpayer to retain a net income of thirteen thousand five hundred dollars or nine thousand dollars as applicable. The preceding sentence does not apply to estates or trusts. For the purpose of this subsection, the entire net income, including any part of the net income not allocated to Iowa, shall be taken into account. ~~For purposes of this subsection, net income includes all amounts of pensions or other retirement income, except for military retirement pay excluded under section 422.7, subsection 3iA, paragraph "a", or section 422.7, subsection 3iB, paragraph "a", received from any source which is not taxable under this subchapter as a result of the government pension exclusions in section 422.7, or any other state law.~~ If the combined net income of a husband and wife exceeds thirteen thousand five hundred dollars, neither of them shall receive the benefit of this subsection, and it is immaterial whether they file a joint return or separate returns. However, if a husband and wife file separate returns and have a combined net income of thirteen thousand five

# HF 2317 - Retirement Income Exclusion

## Retirement Income Tax Guidance - Qualifying Plans

- Distributions from individual retirement plans (IRA) authorized under section 408 of the Internal Revenue Code (IRC)
- Distributions from a simplified employee pension (SEP) plan;
- Distributions from a savings incentive match plan for employees (SIMPLE) retirement plan;
- Distributions from a Keogh plan;
- Distributions from qualified pension plans as described in Treasury Regulation section 1.401-1(b)(1)(i), including IPERS;
- Roth conversion income;
- Distributions from qualified deferred compensation plans governed by the Employee Retirement Income Securities Act (ERISA) including a 401(k), 403(b), and 457(b) plan;
- Annuity distributions pursuant to IRC section 402(a)
- Distributions from an Employee Stock Ownership Plan (ESOP) as defined in section 4975(e)(7) of the IRC

# Iowa Department of **REVENUE**



KIM REYNOLDS  
GOVERNOR

OFFICE OF THE GOVERNOR

ADAM GREGG  
LT GOVERNOR

May 2, 2022

The Honorable Paul Pate  
Secretary of State of Iowa  
State Capitol  
Des Moines, Iowa 50319

Dear Mr. Secretary,

I hereby transmit:

House File 2552, an Act relating to state and local finances and the duties and procedures of the Department of Revenue by providing for electronic filing, communications, and records, modifying transfer tax remittances, the assessment of property, the collection of debt, the refunds of certain fuel taxes, and the taxation of pass-through entities, reducing inheritance taxes for unknown heirs, establishing salaries, providing for a fee, making appropriations, and providing penalties, and including effective date, applicability, and retroactive applicability provisions.

The above House File is hereby approved on this date.

Sincerely,

A handwritten signature in black ink, appearing to read "Kim Reynolds".

Kim Reynolds  
Governor of Iowa

## HF 2552



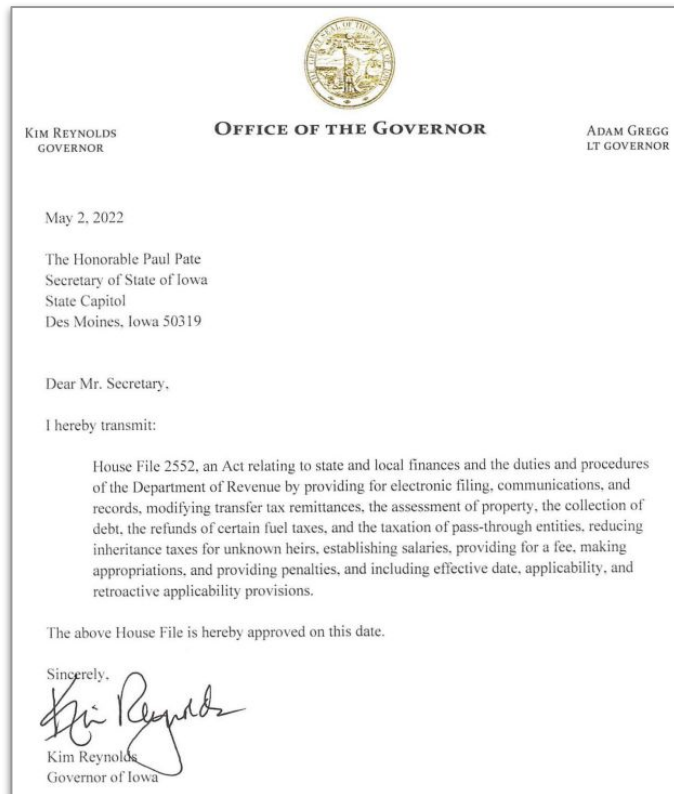
# HF 2552 - Income Statements Provided to Department

## Effective date: July 1, 2022

- Income Statements must be sent to Department by 15th day of second month (previously end of second month)
- Removed VSP filing requirement

## \$500 Civil Penalty for each occurrence

- Willful failure to furnish an employee, nonresident, or other person with an income statement
- Willfully furnishing false or fraudulent statement w/ payee
- Willful failure to file an income statement with the Dept
- Willfully filing a false or fraudulent statement with Dept



# Iowa Withholding Quarterly and Annual Reports

- Use 9 digit account number on all withholding reports
  - 12 digit account number has been discontinued

# Iowa Department of **REVENUE**



OFFICE OF THE GOVERNOR

KIM REYNOLDS  
GOVERNOR

ADAM GREGG  
LT GOVERNOR

May 30, 2018

The Honorable Paul Pate  
Secretary of State of Iowa  
State Capitol Building  
LOCAL

Dear Mr. Secretary:

I hereby transmit:

Senate File 2417, an Act relating to state and local revenue and finance by modifying the individual and corporate income taxes, the franchise tax, tax credits, the sales and use taxes and local option sales tax, the hotel and motel excise tax, the automobile rental excise tax, the Iowa educational savings plan trust, providing for other properly related matters, making penalties applicable, and including immediate and contingent effective date and retroactive and other applicability provisions.

The above Senate File is hereby approved this date.

Sincerely,

  
Kim Reynolds  
Governor

## SF 2417 (2018)

# Senate File 2417: Tax Reform

## 2023 Income Tax Changes

### Individual changes

- Federal AGI to Federal Taxable Income
- NOL
  - Pre-2023 federal NOL carryforward will have to be added back until it runs out
  - Pre-2023 Iowa NOL carryforward may still be used until it runs out or expires, subject to rules in place before the triggers
- MFS on combined return eliminated
- AMT Repealed--1 yr allowance to use AMT credit carryover
- Federal Deductibility
  - Repealed
  - One year transition where taxes paid for previous years will be allowed

# Senate File 2417: Tax Reform

## 2023 Income Tax Changes

### Individual changes

- Other changes to adjustments
  - Income from student loan repayment by employer subtracted
  - Capital Gains - limited to real property used in a farming business  
**(Modified HF2317)**
    - Keeps 10 year holding period and material participation requirements
    - Sales to a relative
  - Health insurance premiums (taxpayers 65+ with less than \$100k income)
  - Filing Status - Must use same as federal (SF 565)

# 2023 Forms

- 1040 Forms released to Software Developers 8/31
- Test Data

# 2023 IA 1040 - Draft

**Step 1:  
You  
must fill  
in your  
Social  
Security  
Number  
(SSN)**

For Fiscal or Short year beginning / / and ending / /

Your last name Your first name MI Your SSN

Spouse's last name Spouse's first name MI Spouse's SSN

☐  
Check the box  
if this is an  
amended  
return

Current mailing address (number, street, apartment, lot, or suite number) or PO Box

City, State, ZIP

Use Residence  
as of 12/31/23: County No. School District No.**Step 2:  
Filing  
Status  
from  
federal  
1040.**

- ☐ 1. Single: Were you claimed on another person's Iowa return? Yes ☐ No ☐
- ☐ 2. Married filing jointly
- ☐ 3. Married filing separately. Enter your spouse's information above. Spouse's net income: \$ \_\_\_\_\_
- ☐ 4. Head of household. Enter qualifying person's information on page 2.
- ☐ 5. Qualifying surviving spouse. Enter dependent's information on page 2.

**Step 3:  
Exemp-  
tions  
Check if:**

- a. Personal Credit: Enter 1 (enter 2 if filing status 2 or 4) ..... x \$40 = \$ \_\_\_\_\_
- b. Enter 1 for each taxpayer 65 or older and/or 1 for each taxpayer who is blind ..... x \$20 = \$ \_\_\_\_\_
- You are over 65 ☐ You are blind ☐ Spouse is over 65 ☐ Spouse is blind ☐
- c. Dependents: Enter 1 for each dependent. List dependents below ..... x \$40 = \$ \_\_\_\_\_
- d. Total. Add lines a, b and c ..... \$ \_\_\_\_\_

Dependent's first name

Dependent's last name

Dependent's SSN

Relationship to you

# 2023 IA 1040 - Draft

<b>Step 4:</b> <b>Iowa</b> <b>Taxable</b> <b>Income</b>	1.	Federal total income .....	1.	_____
	2.	Federal taxable income .....	2.	_____
	3.	Net Iowa modifications from IA 1040 Schedule 1, line 22 .....	3.	_____
	4.	Iowa taxable income. Add lines 2 and 3 .....	4.	_____
		Check if using alternate tax, tax reduction calculation, or low-income exemption		<input type="checkbox"/>
<b>Step 5:</b> <b>Tax,</b> <b>Non-</b> <b>Refund-</b> <b>able</b> <b>Credits,</b> <b>and</b> <b>Check-</b> <b>off</b> <b>contribu-</b> <b>tions</b>	5.	Iowa Tax from tax rate schedule or alternate tax .....	5.	_____
	6.	Iowa lump-sum tax. See instructions.....	6.	_____
	7.	Total Tax. Add lines 5 and 6.....	7.	_____
	8.	Total exemption credit amount from Step 3 .....	8.	_____
	9.	Tuition and textbook credit for dependents K-12.....	9.	_____
	10.	Volunteer firefighter/EMS/reserve peace officer credit .....	10.	_____
	11.	Total Credits. Add lines 8, 9, and 10 .....	11.	_____
	12.	BALANCE. Subtract line 11 from line 7. If less than zero, enter zero .....	12.	_____
	13.	Nonresident or part-year resident credit. Include IA126 .....	13.	_____
	14.	BALANCE. Subtract line 13 from line 12 .....	14.	_____
	15.	Out-of-State tax credit. Include IA 130 .....	15.	_____
	16.	BALANCE. Subtract line 15 from line 14 .....	16.	_____
	17.	Other nonrefundable Iowa credits. Include IA148 .....	17.	_____
	18.	BALANCE. Subtract line 17 from line 16 .....	18.	_____
	19.	School district surtax or EMS surtax. Multiply by line 18 by the percentage from table .....	19.	_____
	20.	Total state tax and local surtax. Add lines 18 and 19 .....	20.	_____
	21.	Contributions will reduce your refund or add to the amount you owe.		
		Fish/Wildlife _____ State Fair _____		
		Firefighters/Veterans _____ Child Abuse Prevention _____ Enter total here .....	21.	_____
		22. TOTAL STATE TAX, LOCAL TAX, AND CONTRIBUTIONS. Add lines 20 and 21 .....	22.	_____



# 2023 IA 1040 - Draft

<b>Step 6:</b> <b>Refundable Credits and Payments</b>	23. Iowa Fuel Tax Credit. Include IA 4136 Iowa Fuel Tax Credit .....	23.	_____
	24. Check one:      Child and Dependent Care Credit <input type="checkbox"/> OR		
	Early Childhood Development Credit <input type="checkbox"/> .....	24.	_____
	25. Iowa Earned Income Tax Credit .....	25.	_____
	26. Other refundable credits. Include IA 148 .....	26.	_____
	27. Composite and PTET credit. Include IA Schedule CC .....	27.	_____
	28. Iowa income tax withheld .....	28.	_____
<b>Step 7:</b> <b>Refund</b>	29. Estimated and other payments made for tax year 2023 .....	29.	_____
	30. TOTAL. Add lines 23 through 29 .....	30.	_____
	31. If line 30 is more than line 22, subtract line 22 from line 30; otherwise, go to line 34 .....	31.	_____
	32. Amount of line 31 to be REFUNDED .....	32.	_____
	a. Routing Number _____	c. Account <input type="checkbox"/> Checking	
	b. Account Number _____	Type <input type="checkbox"/> Savings	
	33. Amount of line 31 to be applied to your 2024 estimated tax .....	33.	_____
<b>Step 8:</b> <b>Amount Due</b>	34. If line 30 is less than line 22, subtract line 30 from line 22 .....	34.	_____
	35. Penalty for underpayment of estimated tax from IA2210 or IA2210S. Check if annualized income (2210AI) or farmer/fisher (2210F) method used <input type="checkbox"/> .....	35.	_____
	36. Penalty and Interest 36a Penalty _____ 36b. Interest _____ Enter total here .....	36.	_____
	37. TOTAL AMOUNT DUE. ADD lines 34, 35, and 36 .....	37.	_____

# 2023 IA 1040 - Draft

## IA 1040 Schedule 1

			A	B
			Additions	Subtractions
<b>Iowa Modifica- tions to Federal Total Income</b>	1.	Interest.....	1.	
	2.	Dividends.....	2.	
	3.	RESERVED FOR FUTURE USE .....	3.	
	4.	RESERVED FOR FUTURE USE .....	4.	
	5.	Social Security Benefits.....	5.	
	6.	Active Duty Military Pay .....	6.	
	7.	IRA/Pension/Railroad Retirement Income.....	7.	
	8.	Railroad Unemployment Income .....	8.	
	9.	Bonus Depreciation/Section 179 expenses.....	9.	
	10.	Federal Net Operating Loss prior to 1/1/23. Include IA 124 .....	10.	
	11.	Other Income.....	11.	
	12.	Total modifications to federal total income. Add lines 1 through 11 .....	12.	
	13.	Net modifications to federal total income. Subtract line 12 column B from A. ....	13.	
<b>Iowa Modifica- tions to Federal Taxable Income</b>	14.	Federal Income Tax Refund or Overpayment Received in 2023 .....	14.	
	15.	Health Insurance Deduction. See instructions .....	15.	
	16.	Capital Gains Deduction. Include IA 100.....	16.	
	17.	Iowa Net Operating Loss prior to 1/1/23. Include IA 124.....	17.	
	18.	Federal Tax Paid for Prior Years .....	18.	
	19.	Other Adjustments.....	19.	
	20.	Total modifications to federal taxable income. Add lines 14 through 19 .....	20.	
	21.	Net modifications to federal taxable income. Subtract line 20 column B from A .....	21.	
	<b>Net Modifica- tions</b>	22.	Net Iowa Modifications. Add lines 13 and 21. Enter here and IA 1040, line 3.....	22.

# 2023 IA 1040 - Draft

**Step 9:**

Third Party Designee. Do you want to allow another individual to discuss this return with the Department? See instructions.

Designee's Name:		ID Number (optional):
Mailing address:		
City:	State:	Zip:
Phone:		Email:

# 2023 IA 1040 - Draft

<b>SIGN HERE SIGN HERE</b>	I, the undersigned, declare under penalties of perjury or false certificate, that I have examined this return, and, to the best of my knowledge and belief, it is true, correct, and complete.			
	_____ Your Signature	_____ Date	<input type="checkbox"/> Check if deceased	_____ Date of death
	_____ Spouse's Signature	_____ Date	<input type="checkbox"/> Check if deceased	_____ Date of death
	_____ Taxpayer's phone number	_____ Taxpayer's email address	_____ Your Driver's License or State Issued ID number	_____ Spouse's Driver's License or State Issued ID number
<b>Paid Preparer Use</b>	_____ Preparer's Signature	_____ Date	_____ Preparer's PTIN STIN, or SSN	_____ Firms FEIN
	_____ Preparer's phone number			

# 2023 IA 126 - IA Nonresident and PY Resident CR

## Part 1a: Iowa Source Income

Iowa

1. Wages, salaries, tips, etc. See instructions regarding IA/IL Reciprocal Agreement.....	1.	<input type="text"/>
2. Taxable interest income .....	2.	<input type="text"/>
3. Ordinary dividend income .....	3.	<input type="text"/>
4. Taxable alimony received .....	4.	<input type="text"/>
5. Business income or (loss) .....	5.	<input type="text"/>
6. Capital gain or (loss).....	6.	<input type="text"/>
7. Other gains or (losses) .....	7.	<input type="text"/>
8. Rents, royalties, partnerships, estates, etc.....	8.	<input type="text"/>
9. Farm income or (loss).....	9.	<input type="text"/>
10. Unemployment compensation .....	10.	<input type="text"/>
11. Gambling winnings .....	11.	<input type="text"/>
12. Other income, bonus depreciation, and section 179 adjustment.....	12.	<input type="text"/>
13. Iowa Source gross income. Add lines 1-12 .....	13.	<input type="text"/>

# 2023 IA 126 - IA Nonresident and PY Resident CR

## Part 1b: All-Source Income

14. Federal total income from IA 1040, line 1 .....	14.	_____
15. Iowa modifications to federal total income from IA Schedule 1, line 13 .....	15.	_____
16. Total. Add lines 14 and 15.....	16.	_____



# 2023 IA 126 - IA Nonresident and PY Resident CR

## Part II: Modification

	Column A	Column B
17. Payments to an IRA, Keogh, or SEP .....	17.	
18. Deductible part of self-employment tax .....	18.	
19. Health insurance deduction. See instructions .....	19.	
20. Penalty on early withdrawal of savings .....	20.	
21. Alimony paid .....	21.	
22. Iowa capital gain deduction .....	22.	
23. Other adjustments .....	23.	
24. Total adjustments. Add lines 17-23 .....	24.	
25. Iowa Source Net income. Subtract column B, line 24 from line 13 .....	25.	
26. All Source Net income. Subtract column A, line 24 from line 16 .....	26.	
27. Iowa income percentage: Divide line 25 by line 26. Enter percentage rounded to the nearest ten-thousandth of a percent (e.g. 12.3456%). This can be no more than 100.0% and no less than 0.0% .....	27.	
28. Nonresident or part-year resident credit percentage: Subtract the percentage on line 27 from 100.0%. Enter percentage rounded to nearest ten-thousandth of a percent (e.g. 12.3456%) .....	28.	
29. Iowa tax on total income from IA 1040, line 5 .....	29.	
30. Total credits from IA 1040, line 11 .....	30.	
31. Tax after credits. Subtract line 30 from line 29 .....	31.	
32. Nonresident or part-year resident credit. Multiply line 31 by the percentage on line 28. Enter this amount on IA 1040, line 13 .....	32.	

# 2023 IA 130 - Out-of-State Tax Credit

## Part I: Iowa Source Income Taxed by Another State or Jurisdiction

## Other Jurisdiction

1. Wages, salaries, tips, etc. See instructions regarding IA/IL Reciprocal Agreement...	1.	_____
2. Taxable interest income .....	2.	_____
3. Ordinary dividend income .....	3.	_____
4. Taxable alimony received .....	4.	_____
5. Business income or (loss) .....	5.	_____
6. Capital gain or (loss) .....	6.	_____
7. Other gains or (losses) .....	7.	_____
8. Rents, royalties, partnerships, estates, etc. ....	8.	_____
9. Farm income or (loss) .....	9.	_____
10. Unemployment compensation .....	10.	_____
11. Gambling winnings .....	11.	_____
12. Other income, bonus depreciation, and section 179 adjustment .....	12.	_____
13. Iowa gross income taxed by another jurisdiction. Add lines 1-12 .....	13.	_____



# 2023 IA 130 - Out-of-State Tax Credit

## Part II: Calculation of Credit

14. Federal total income from IA 1040, line 1 .....	14.	_____
15. Iowa modifications to federal total income from IA Schedule 1, line 13 .....	15.	_____
16. Total Iowa income. Add lines 14 and 15 .....	16.	_____
17. Divide line 13 by line 16 and enter the percentage rounded to the nearest ten-thousandth of a percent (e.g. 12.3456%). Do not exceed 100.0% .....	17.	_____
18. Amount from IA 1040, line 14 .....	18.	_____
19. Multiply line 18 by the percentage on line 17 .....	19.	_____
20. Enter the income tax imposed by the other state or jurisdiction and paid by you on income included on line 13. (see expanded instructions) .....	20.	_____
21. Enter the income tax imposed by the other state or jurisdiction and paid by your pass-through entity or mutual fund on income included on line 13 (see expanded instructions) .....	21.	_____
22. Enter the sum of lines 20 and 21 .....	22.	_____

# 2023 IA 130 - Out-of-State Tax Credit

**Full-Year Residents (part-year residents skip)**

23. Enter the smaller of lines 19 or 22 and enter this amount on IA 1040, line 15.  
This is your Out-of-State Tax Credit. ....21. \_\_\_\_\_

**Part-Year Resident**

24. Enter the total amount of gross income taxed by the other state or jurisdiction.....22. \_\_\_\_\_  
25. Divide line 13 by line 24 and round to the nearest ten-thousandth of a  
percent (e.g. 12.3456%). Do not exceed 100.0% .....23. \_\_\_\_\_  
26. Multiply line 22 by the percentage on line 25.....24. \_\_\_\_\_  
27. Enter the smaller of lines 19 or 26 and enter this amount on IA 1040, line 15.  
This is your Out-of-State Tax Credit .....25. \_\_\_\_\_

# 2023 IA 100 - A-F



**2023 IA 100A**

**Iowa Capital Gain Deduction – Cattle, Horses, or Breeding Livestock**

[tax.iowa.gov](http://tax.iowa.gov)

Name(s): \_\_\_\_\_ Social Security Number: \_\_\_\_\_

**This form is only used for installment sales occurring prior to January 1, 2023.**

# 2023 IA 100 - A-F

## Part I: Details of Sale

1. Did the sale occur prior to January 1, 2023?  
No ☐ .... Continue to Part I, line 2  
Yes ☐ .... Continue to Part I, line 3
2. Are you a retired farmer or surviving spouse? (see instructions)  
No ☐ .... Sale is not eligible for Iowa capital gain deduction. Stop.  
Yes ☐ .... Complete form IA 100G. Stop.
3. Is the capital gain from an installment sale?  
No ☐ .... Sale is not eligible for Iowa capital gain deduction. Stop.  
Yes ☐ .... Enter the installment sale information:

# 2023 IA 102 - Amended Return Schedule

## Who Must File

Include this schedule with your amended return if you are filing an amended Iowa income or franchise tax return using any of the following forms:

- IA 1040 Individual Income Tax Return
- IA 1040C Composite Individual Income Tax Return for Nonresidents
- IA PTE-C Iowa Composite Return
- IA 1041 Fiduciary Return
- IA 1065 Partnership Return of Income
- IA 1120 Corporation Income Tax Return
- IA 1120F Franchise Return for Financial Institutions
- IA 1120S Income Tax Return for S Corporations



# 2023 IA 102 - Amended Return Schedule

	As last reported	Corrected amount
4. Tax amount previously paid. Include previous estimates or withholding. Do not include penalty, interest or fees. ....	4a. _____	4b. _____
5. Subtract line 4b from line 3.....		5. _____
6. Overpayment on previous filing(s). Include any amounts requested as refund or any amount credited to a future tax period .....		6. _____
7. Add line 5 to line 6. If positive, this is the amount of tax you owe. If negative, this is the refund amount.....		7. _____
8. Penalty.....		8. _____
9. Interest.....		9. _____
10. Total refund available on amended return, or amount due with amended return. Add lines 7 through 9 and enter here .....		10. _____
11. a. If line 10 is a refund, enter as a positive number the amount applied to next period's estimated tax (change must be requested by the last day of the subsequent tax period).....		11a. _____
b. Refund requested. Add the amount on line 11a to the amount on line 10.....		11b. _____

# 2023 IA 124 - NOL Adjustment

- Individual (IA 1040), fiduciary (IA 1041), corporate income (IA 1120), and franchise (IA 1120F) filers must use this form to calculate their current year NOL adjustments for tax years beginning on or after January 1, 2023.

# 2023 IA 124 - NOL Adjustment

## Part I: Pre-2023 Federal NOL Addback

Taxpayers are required to add back any federal NOL carried forward from a tax year beginning before January 1, 2023, to the extent it is deducted in the current year. Use Part I to calculate the current year addback and track the amount remaining to addback for future years.

- 1. Pre-2023 federal NOL carryover to the current year. See instructions ..... 1. \_\_\_\_\_
- 2. Current year federal NOL deduction. See instructions ..... 2. \_\_\_\_\_
- 3. Enter the lesser of lines 1 and 2. This is your current year pre-2023 federal NOL addback. See instructions ..... 3. \_\_\_\_\_
- 4. Subtract line 3 from line 1. This is your pre-2023 federal NOL carryover to next year for Iowa purposes. Enter on next year's IA 124, Part I, line 1 ..... 4. \_\_\_\_\_



# 2023 IA 124 - NOL Adjustment

## Part II: Pre-2023 Iowa NOL Deduction

Taxpayers may deduct available Iowa NOL carried forward from a tax year beginning before January 1, 2023, to the extent it is deducted in the current year. See Part II to calculate the current year Iowa carryforward deduction and track the amount remaining to deduct for future years.

- 1. Beginning balance. See instruction ..... 1. \_\_\_\_\_
- 2. Iowa NOL that expired at the end of last tax year ..... 2. \_\_\_\_\_
- 3. Iowa NOL available to deduct. Subtract line 2 from line 1 ..... 3. \_\_\_\_\_
- 4. Enter income attributable to Iowa. If zero or less, enter 0 ..... 4. \_\_\_\_\_
- 5. Current year deduction. Enter the lesser of lines 3 and 4. This is your current year  
Iowa NOL deduction. See instructions on where to report this amount ..... 5. \_\_\_\_\_
- 6. Ending balance. Subtract line 5 from line 3 ..... 6. \_\_\_\_\_

# 2023 IA 4562A/B

**Part I** - Computation of Iowa depreciation adjustment. See instructions before completing.

A. Description of property	B. Date placed in service	C. Life of asset	D. Cost or other basis	E. Current year federal 179 expense deduction	F. Current year federal depreciation deduction	G. Accumulated federal depreciation	H. Current year Iowa 179 expense	I. Current year MACRS Iowa depreciation deduction	J. Accumulated Iowa depreciation
Total amounts in columns E, F, H (see instructions), and I									

# 2023 IA 148 - Iowa Tax Credit Schedule

- Change for Tax Year 2023
  - All tax credit claims will be validated upfront
    - Make sure to include all required tax credit schedules with your return. These need to be completed by individuals receiving pass-through credits as well.
    - Pass-through entity returns must be successfully processed before any of the pass-through credits can be claimed by the owners. Make sure to complete the Schedule B (IA 1065/IA1120S) and include each owner's credit allocation on the K-1.

# Senate File 2417: Tax Reform

## 2023 Income Tax Changes

### Repealed Adjustments (422.7)

- Gains & losses for property with basis established before 1934 (3)
- Expensing and capital loss adjustments for married filing separately (7)
- Work opportunity credit adjustment (8)
- Alcohol and cellulosic biofuel credit adjustment (9)
- Travel expenses for state legislators (10)
- Sale lease-back (11)
- Intangible drilling cost addback (14)
- Percentage depletion on oil gas and geothermal wells addback (15)
- Installment real estate exclusion (16)
- Vietnam herbicide settlement exclusion (20)
- Japanese internment reparations exclusion (22)

# Senate File 2417: Tax Reform

## 2023 Income Tax Changes

### Repealed Adjustments (422.7)

- Exclusion for active duty pay national guard and reserve forces in the Persian Gulf (24)
- Exclusion for active duty pay for national guard and reserve forces in Bosnia-Herzegovina (25)
- Addback for depreciation on speculative shell buildings (26)
- Employer social security credit addback (30)
- Holocaust victim reparations exclusion (35)
- Addition of income from sale of obligations of the state (36)
- Recalculation of income from installment sales (37)
- Bonus depreciation clean-up (39,39B)
- Active duty pay for national guard and reserve forces in various campaigns in Iraq (40)
- 179 cleanup (43,55)
- Alternative motor vehicle credit adjustment (45)

# Senate File 2417: Tax Reform

## 2023 Income Tax Changes

### Repealed Adjustments (422.7)

- Exclusion for capital gain realized as a result of involuntary conversion under eminent domain (49)
- **Teacher expense deduction cleanup (55) - reinstated HF847**
- **Qualified tuition expense deduction (56) (repealed at federal level)**
- Exclusion for income of certain non-resident emergency response workers (57)
- **Administrative expenses not allowed as a federal deduction for fiduciary returns (58)**

# Senate File 2417: Tax Reform

## 2023 Income Tax Changes

### Not Repealed (422.7)

- Pension exclusion
- Military pay and retirement exclusion
- First-Time Homebuyer deductions
- State tax exempt bond income
- Federal securities exemption





# State Setoff Program



# State Setoff Program

- Beginning in November of 2023, the state setoff program will move from the Department of Administrative Services to the Department of Revenue
- The setoff program allows IDR to intercept state payments, like a tax refund, to pay debts owed to a state agency, municipality, or other government entity.
- Taxpayers who have had their payments setoff may challenge the setoff by submitting a challenge to IDR.
- Additionally, a co-payee may request for a division of the payment subject to setoff.
- Taxpayers subject to setoff will be notified and the challenge or debt-split process will be described in the notice.

# State Setoff Program - DELETE

- Individual can't see debt in GCI
- No longer able to file married filing separately, unless the same filing status is used for federal purposes
- Requesting Relief
  - GovConnectIowa



**GovConnectIowa**

# Benefits of GovConnectIowa



## **CONVENIENCE**

Access your tax accounts and online services 24/7 from anywhere.



## **EFFICIENCY**

View and respond to letters electronically, saving time and money.



## **PAYMENT OPTIONS**

View payment history and make payments using secure methods.



## **ACCESS TO RESOURCES**

View resources to help you better understand and meet your tax obligations.



## **USER-FRIENDLY**

User-friendly system, making it easier to navigate and complete tasks.



## **SECURE**

Enhanced data security measures to protect your sensitive tax information.



## **DIRECT COMMUNICATION**

Communicate directly with Revenue staff through secure messaging.



## **ENHANCED COMMUNICATION**

Receive timely, important alerts and notifications, ensuring you stay informed.

# GovConnectIowa

## **Important Dates**

- October 31, 2023: Last day to review and download information from eFile & Pay
- November 1, 2023: eFile & Pay is no longer available
- November 1-12, 2023: Payments must be sent via physical mail
- November 8, 2023: [New & Updated GovConnectIowa Features webinar](#)
- November 9, 2023 at 6:00pm CT: GovConnectIowa is unavailable for system updates
- November 13, 2023 at 12:00pm CT: GovConnectIowa is available
  - Individual income tax payments include scheduling future-dated payments



# Individual Income Tax - Common Errors

# Individual Income Tax Errors

Most common individual income tax errors

[tax.iowa.gov/individual-income-tax-returns-common-filing-issues](https://tax.iowa.gov/individual-income-tax-returns-common-filing-issues)

- Federal income tax refund not reported
- Incorrect school district - <https://tax-mapper.iowa.gov/>
- Incorrect Amount Withholding/Estimates Reported
- Health Insurance Deduction

# Individual Income Tax Errors

Most common individual income tax errors

[tax.iowa.gov/individual-income-tax-returns-common-filing-issues](https://tax.iowa.gov/individual-income-tax-returns-common-filing-issues)

- Name and Address
- Low Income Exemption - NR \$1,000
- IA 126/IA130
- Signatures and Attachments



# Individual Income Tax Errors

## Other issues

- Bank Account Information
- CP2000
- Federal Audit Adjustment
- Capital Gain Deductions (Forms)

# Individual Income Tax Errors

## Other issues

- Non-filer
  - Partnership
  - S-Corporations
  - Trust
  - 1099

# Individual Income Tax Errors

## Other issues

- Record Retention - Lack of Adequate Recordkeeping
  - 3 year review period
  - Non-filer unlimited review period

# Upcoming IDR Webinar!

Iowa Pass-Through Entity Tax (PTET)	Sept 19, 2023
Third Party Access and Authorization	Oct 11, 2023
New & Updated GovConnectIowa Features	Nov 8, 2023
Electronic Submission of W-2s & 1099s for Tax Year 2023	Dec 13, 2023

Register at: [tax.iowa.gov/webinars](https://tax.iowa.gov/webinars)

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