

## MISCELLANEOUS TECHNICAL CORRECTIONS & CLARIFICATIONS

### Prior Law

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Unless otherwise specified, references to the Internal Revenue Code found in the Iowa Code referred to the Internal Revenue Code as amended to and including January 1, 2015. This means any changes to the Internal Revenue Code made after January 1, 2015 did not apply to Iowa income or franchise taxes unless the Iowa Code specified otherwise.

For purposes of the Iowa research activities credit, references to the Internal Revenue Code were to the Internal Revenue Code in effect on January 1, 2015.

For purposes of the solar energy tax credit, “Internal Revenue Code” meant the Internal Revenue Code as amended to and including January 1, 2016.

Bonus depreciation under section 168(k) of the Internal Revenue Code was not allowed for Iowa purposes for tax years ending on or after January 1, 2015, but before January 1, 2016.

Nonresidents were required to file Iowa income tax returns if their income allocated to Iowa was \$1,000 or more and their total net income exceeded the statutory minimum filing threshold. Residents were required to file Iowa income tax returns if their total net income exceeded the statutory minimum filing threshold.

### New Provisions

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2017 Iowa Acts House File 608 updates the definition of “Internal Revenue Code” for Iowa tax purposes to clarify that references to the Internal Revenue Code found in the Iowa Code do not include any changes to the Internal Revenue Code enacted after January 1, 2015. Unless otherwise specified in the Iowa Code, changes to the Internal Revenue Code enacted after January 1, 2015, including changes with retroactive applicability or effectiveness, do not apply for Iowa tax purposes.

For purposes of the Iowa research activities credit, the definition of “Internal Revenue Code” is updated to refer to the Internal Revenue Code in effect on January 1, 2016. This definition does not include any changes to the Internal Revenue Code enacted after January 1, 2016, including those with retroactive applicability or effectiveness.

For purposes of the solar energy tax credit, the definition of “Internal Revenue Code” continues to mean the Internal Revenue Code as amended to and including January 1, 2016. This definition is updated to clarify that it does not include any changes to the Internal Revenue Code enacted after January 1, 2016, including those with retroactive applicability or effectiveness.

Bonus depreciation under section 168(k) of the Internal Revenue Code is not allowed for Iowa

purposes for any tax year ending on or after January 1, 2015.

House File 608 clarifies that a nonresident with less than \$1,000 of income allocated to Iowa may not be required to file an Iowa income tax return. Nonresidents are still required to file Iowa income tax returns if their income allocated to Iowa is \$1000 or more and their total net income exceeds the statutory minimum filing threshold. Residents are still required to file Iowa income tax returns if their total net income exceeds the statutory minimum filing threshold

House File 608 also makes a variety of other minor corrections. The bill corrects a typographical error in the Iowa Code related to the flood mitigation program; amends language to clarify that the alternative minimum tax calculation is accomplished by multiplying the applicable tax rate by the state alternative minimum taxable income of the taxpayer; and moves a comma in the provision related to the allocation of nonbusiness rents and royalties for corporate income tax purposes in order to clarify the meaning of the sentence.

**Sections Amended** \_\_\_\_\_

Section 1 of 2017 Iowa Acts House File 608 amends Section 15.335, Code 2017. Section 2 amends Section 418.15, Code 2017. Section 3 amends Section 422.3, Code 2017. Section 4 amends Section 422.5, Code 2017. Section 5 amends Section 422.10, Code 2017. Section 6 amends Section 422.11L, Code 2017. Section 7 amends Section 422.13, Code 2017. Section 8 amends Section 422.32, Code 2017. Sections 9 and 10 amend Section 422.33, Code 2017. Section 11 amends 2016 Iowa Acts, chapter 1007.

**Effective Date** \_\_\_\_\_

The provisions related to bonus depreciation are effective May 11, 2017, and apply retroactively to January 1, 2015. The provisions related to the research activities credit are effective May 11, 2017, and apply retroactively to January 1, 2016. All other provisions are effective July 1, 2017.