

# 2013 Iowa Income Tax Information

 Additional Expanded Instructions are available online at [www.iowa.gov/tax](http://www.iowa.gov/tax) 

## FILE ELECTRONICALLY FOR A FASTER REFUND

**Due date:** Iowa income tax returns are due April 30, 2014.

**Farmers and commercial fishers:** If at least 2/3 of your income is from farming or commercial fishing, you may avoid penalty for underpayment of estimated tax in one of the following ways: (1) Pay the estimated tax in one payment on or before January 15, 2014, and file the Iowa income tax return by April 30, 2014, or (2) file the Iowa income tax return and pay the tax due in full on or before March 3, 2014.

**Who must file?:** You must file an Iowa return if you were a resident or part-year resident of Iowa in 2013 and meet any of the following requirements. Nonresidents, see items f. and g.

NOTE: In meeting the filing requirements below, both incomes of husband and wife must be included, and any pension/retirement income exclusion (line 21 of the IA 1040) and any Social Security Phase-out amount from line 12 of the Social Security Worksheet (page 2) must be added back.

- a. You had a net income (line 26 of the IA 1040) of more than \$9,000 and your filing status is single. **(\$24,000 if 65 or older on 12/31/13)**
- b. You had a net income (line 26 of the IA 1040) of more than \$13,500 and your filing status is other than single. **(\$32,000 if you or your spouse is 65 or older on 12/31/13)**
- c. You were claimed as a dependent on another person's Iowa return and had a net income (line 26 of the IA 1040) of \$5,000 or more.
- d. You were in the military service with Iowa shown as your legal residence even though stationed outside of Iowa.
- e. You were subject to Iowa lump-sum tax.
- f. You were a nonresident or part-year resident and your net income from Iowa sources (line 26 of the IA 126) was \$1,000 or more, unless below the income thresholds above.
- g. You were a nonresident or part-year resident and subject to Iowa lump-sum tax or Iowa minimum tax (even if line 26 of IA 126 is less than \$1,000).

**Nonresidents and part-year residents:** If you are a nonresident or a part-year resident with income from Iowa sources, you must complete both the IA 1040 and the IA 126. See instructions, page 8.

**Iowa and Illinois reciprocal agreement:** Any wages or salaries earned by an Iowa resident working in Illinois are taxable only to Iowa and not to Illinois. Any wages or salaries earned by an Illinois resident working in Iowa are taxable only to Illinois and not to Iowa.

An Iowa resident working for wages or salary in Illinois should complete and file Illinois form IL-W-5-NR "Employee's Statement of Nonresidence in Illinois" with the employer so that the employer will withhold Iowa income tax.

An Illinois resident working for wages or salaries in Iowa should complete and file the IA 44-016 "Employee's Statement of Nonresidence in Iowa" with the employer so that the employer will withhold Illinois income tax.

Iowa will tax any Iowa-source income received by an Illinois resident that is not from wages or salaries. Illinois will tax any Illinois-source income received by an Iowa resident that is not from wages or salaries. Examples: gambling winnings and unemployment compensation.

If Illinois income tax has been mistakenly withheld from the wages or salary of an Iowa resident, the Iowa resident must file an Illinois income tax return to get a refund.

Illinois residents who had Iowa income tax withheld in error from their wages and have no other Iowa-source income must file an Iowa income tax return requesting a refund. They should complete Steps 1, 2, and 3 of the IA 1040, show "0" on line 1 of Step 4, line 26 of Step 5, and line 53 of Step 8, write "Illinois resident tax withheld in error" on the face of the return. On the back of the IA 1040 on lines 65, 67, 68, 69, and 70, enter the Iowa tax withheld, sign the return, and include copies of W-2s with the return. Copies of federal and Illinois returns must be enclosed.

**Extension requests:** Iowa does not have an extension form to obtain additional time to file. To avoid the late-filing penalty, at least 90% of your total tax liability must be paid by April 30, 2014; you will automatically have until October 31, 2014, to file your return. You may, however, owe a 2210 penalty for failure to make estimate payments. You will owe interest on any tax due after April 30, 2014. If you need to make a tax payment to meet the 90% requirement, see payment options on the back cover of this booklet.

**Military personnel:** Information is available on the Department's website in the 2013 Expanded Instructions.

**Injured spouse:** The federal "injured spouse" form is not recognized by the State of Iowa when using filing status 2 or 3. If your spouse's refund will be used to pay a federal, state, county, or city debt, we suggest each spouse file an IA 1040, filing status 4 to prevent your refund from being applied to your spouse's debt.

**Federal return:** Including a copy of your federal return with your Iowa return may help processing your Iowa return.

**Consumer's Use Tax:** If you purchased products for use in Iowa from a business located outside Iowa and the seller does not charge you Iowa sales tax, you may owe 6% consumer's use tax on the purchase. This includes items purchased from catalogs and the Internet. See 2013 Expanded Instructions on the Department's website or on the back cover of the IA 1040 booklet for more information on paying consumer's use tax.

### NEW FOR 2013:

The IA1040A, Iowa Individual Income Tax Short Form, is no longer available. All Iowa individual income tax filers must use form IA1040. At the time of printing, Iowa has not adopted federal Internal Revenue Code changes regarding the determination of income that occurred after January 2, 2013.

**Line 14:** Iowa has not coupled with the 50% bonus depreciation provisions for assets acquired in 2013. The section 179 limit for Iowa for 2013 is \$500,000, which is the same as the federal section 179 limit.

**Line 23:** A capital gain deduction worksheet is available on the Department's website under "individual income tax forms" which can be included with any return claiming the Iowa capital gains deduction.

**Line 32:** Federal tax includes the tax on net investment income under Section 1411(a) of the Internal Revenue Code.

**Line 45:** A volunteer firefighter and volunteer emergency medical services personnel tax credit of up to \$50 is available.

**Line 50:** A custom farming contract tax credit can be awarded to landowners who hire a beginning farmer to do custom farm work. See the 2013 Expanded Instructions for more details on this credit.

**Line 60:** The Iowa earned income tax credit is 14% of the federal earned income tax credit.

**Line 64:** A taxpayers trust fund tax credit of \$54 is available for each taxpayer who files a 2013 Iowa 1040 return by October 31, 2014. The credit is limited to the lesser of the amount shown on line 63 or \$54.

**Schedule A:** All taxpayers choosing to itemize deductions must complete the IA Schedule A. There is a limitation on the amount of itemized deductions that can be claimed for certain high-income taxpayers. The calculation is done on the Iowa Itemized Deductions Worksheet, form IA104.

# 2013 IA1040 INSTRUCTIONS

**CONFIDENTIALITY AND FAIR INFORMATION PRACTICES NOTICE:** Information from your return may be made available to the Internal Revenue Service or the tax officials of another state under a tax information exchange program. Except as allowed by law, information on your return cannot be released to anyone who is not an Iowa Department of Revenue employee. Any Department of Revenue employee who discloses tax return information without legal authority is subject to a fine of \$1,000. If you do not provide necessary information or if you provide fraudulent information, you may be charged penalties and interest and may be subject to criminal prosecution.

## STEP 1 NAME / ADDRESS / SOCIAL SECURITY NUMBER

**NAME AND ADDRESS:** Enter your information on the form. If using a foreign mailing address, in place of the domestic city, state, and ZIP, please include the foreign city, country and ZIP or postal code. Please provide the Department with your updated address if you move after your return is filed. **NOTE:** the e-mail address entered will be used by the Department to provide updates on new electronic opportunities. It will **NOT** be used to request or provide confidential information without your authorization.

### IF YOU OR YOUR SPOUSE IS 65 OR OLDER ON 12/31/13:

Check the box.

### ENTER YOUR / SPOUSE'S SOCIAL SECURITY NUMBER.

**DEPENDENT CHILD HEALTH CARE COVERAGE:** You are required to indicate the number of dependent children claimed in Step 3 who do and do not have health care coverage. Note: Dependent children covered under the Medicaid or *hawk-i* programs are considered to have health care coverage.

**COUNTY:** See the list beginning on page 16. Enter the number of the county in which you lived on December 31, 2013. **Nonresidents and part-year residents who moved out** of Iowa before December 31, 2013: Enter "00." **Part-year residents who moved into** Iowa: Enter the number of the Iowa county in which you lived on December 31, 2013. **Military personnel:** Enter the county number of your Iowa residence, even if you were not physically present in Iowa on the last day of the tax year.

**SCHOOL DISTRICT NUMBER:** See the list beginning on page 16. Select the district in which you lived on December 31, 2013. This is not necessarily the district where your children attended school. **Nonresidents:** If you did not live in Iowa at all during 2013, enter "0000." **Part-year residents who moved into** Iowa: Enter the Iowa school district in which you lived on the last day of 2013. **If you moved out of Iowa** before December 31, 2013, enter "9999." **Military personnel:** Enter the school district number of your Iowa residence, even if you were not physically present in Iowa on the last day of the tax year.

## STEP 2 FILING STATUS

**Married taxpayers may reduce their tax liability by using filing status 3 or 4.**

**STATUS 1.** Use if you were unmarried, divorced, or legally separated on December 31, 2013, and you do not qualify for any other filing status.

**STATUS 2. (a)** You were married on December 31, 2013, or **(b)** Your spouse died during 2013 and you did not remarry during the year. If your spouse died during 2013 and had income, you can also file status 3 or 4.

**STATUS 3.** If you are married and want to file separately on one form.

**STATUS 4.** If you and your spouse file separately on two separate forms.

**STATUS 5.** If you are filing as head of household for federal income tax purposes.

**STATUS 6.** If you meet the requirements for qualifying widow(er) for federal income tax purposes.

## STEP 3 EXEMPTIONS

**Dependents filing their own returns** should claim a \$40 personal exemption credit even though they are claimed as a dependent on another person's Iowa return.

## STEP 4 GROSS INCOME

If you use filing status 3 (married filing separately on combined return), complete both columns A and B of the IA 1040. All other filing statuses complete only column A. ALL taxpayers, including nonresidents and part-year residents, report income from ALL SOURCES in this section. Nonresidents and part-year residents also report Iowa-source income on Schedule IA 126, where a CREDIT is calculated.

**LINE 1. Wages, Salaries, Tips, Etc.** Report the same W-2 income as shown on your federal income tax return, including military income. See online Expanded Instructions, line 24, for allowable military adjustments.

**MARRIED SEPARATE FILERS:** W-2 income is reported by the spouse earning the income.

**LINE 2. Taxable Interest Income.** Include the same amounts of interest income reported on your federal return with the following modifications:

- Add interest from state and municipal securities unless specifically exempt from Iowa tax. The following securities are exempt: Aviation Authority Bonds, IA Code sec. 330A.16; Beginning Farmer Loan Program Bonds, IA Code sec. 175.17(10); Community College Bond Program Bonds, IA Code sec. 260C.71(6); Community College Residence Halls and Dormitories Bonds, IA Code sec. 260C.61; County Health Center Bonds, IA Code sec. 331.441(2)C(7); E911 Emergency Telephone Service Program Bonds, IA Code sec. 34A.20(6); Interstate Bridges Bonds, IA Code sec. 313A.36; IA Board of Regents Bonds for buildings and facilities, IA Code chapters 262.41, 262.51, 262.60, and 262A.8; IA Higher Education Loan Authority, IA Code sec. 261A.27; IA Municipality Urban Renewal Bonds, IA Code sec. 403.9(2); IA Rural Water District Revenue Bonds

and Notes, IA Code sec. 357A.15; Low Income Housing Bonds, IA Code sec. 403A.12; Prison Infrastructure Revenue Bonds, IA Code sec. 16.177(8); Regents Institutions Medical and Hospital Buildings at University of IA Bonds, IA Code sec. 263A.6; Soil Conservation Districts Revenue Bonds, IA Code sec. 161A.22; Quad Cities Interstate Metropolitan Authority Bonds, IA Code sec. 28A.24; Sewage Treatment Works Revenue Bonds, IA Code sec. 16.131(5); Underground Storage Tank Fund Revenue Bonds, IA Code sec. 455G.6(14); Vision IA Program, IA Code sec. 12.71; Warehouse Project Revenue Bonds, IA Code sec. 123.159; IA Utilities Board and Consumer Advocate Building Bonds, IA Code sec. 12.91(9); Honey Creek Premier Destination Park Bonds, IA Code sec. 463C.12(8); School Infrastructure Program Bonds, IA Code sec. 12.81(8); Appropriation Bonds, IA Code sec. 12.87(8).

- Deduct interest received from federal securities (for example, U.S. Savings Bonds, U.S. Treasury Notes). Do not subtract interest from repurchase agreements of U.S. Government securities. The following are taxable: Government National Mortgage Assoc. (Ginnie Mae) Securities; Federal National Mortgage Assoc. (Fannie Mae) Securities; Federal Home Loan Mortgage Assoc. (Freddie Mac) Securities; Federal Agricultural Mortgage Corporation (Farmer Mac).

**MARRIED SEPARATE FILERS:** Divide interest income based on ownership of the account or certificate.

1. Jointly held: Divide equally between spouses.
2. Held in the name of only one spouse: Allocate interest wholly to that spouse.

**LINE 3. Ordinary Dividend Income.** Report the same dividends as you reported on your federal return with the following modifications:

- a. Add all dividends from mutual funds, investment trusts, or regulated investment companies investing in state and municipal bonds.
- b. Deduct that portion of any net dividends from a mutual fund, investment trust, or regulated investment company that is attributable to federal securities.

**MARRIED SEPARATE FILERS:** Divide dividends based on registered ownership of stock.

1. Jointly held: Divide equally between spouses.
2. Held in the name of only one spouse: Allocate dividends wholly to that spouse.

**LINE 4. Alimony Received.** Include the same alimony as is shown on your federal return.

**MARRIED SEPARATE FILERS:** Reported by the spouse who received the alimony.

**LINE 5. Business Income/Loss.** Report the net business income or loss from federal Schedule C or C-EZ. Attach a copy of the federal form. Need a sales tax permit? Check [www.iowa.gov/tax](http://www.iowa.gov/tax)

**MARRIED SEPARATE FILERS:** Reported by the spouse deriving the income or loss.

**LINE 6. Capital Gain/Loss.** Enter 100% of any capital gain or loss as reported on line 13 of your federal 1040. Do not subtract any Iowa capital gain deduction on this line. See line 23. Include a copy of your federal Schedule D and form 8949.

**MARRIED SEPARATE FILERS:** Taxpayers who filed separate federal returns should report capital gain or loss as reported for federal tax purposes. If a joint federal return was filed, each spouse must report capital gain on the basis of ownership of the property sold or exchanged. The combined net capital gain or loss must be the same as reported on the joint federal return.

**LINE 7. Other Gains/Losses.** If you sold or exchanged assets used in a trade or business and completed federal form 4797, enter 100% of

the gain or loss. Include a copy of federal form 4797.

**MARRIED SEPARATE FILERS:** Divide gains or losses based on ownership of the asset sold or exchanged.

**LINE 8. Taxable IRA Distributions.** Enter the amount of taxable IRA distributions as shown on your federal return.

**MARRIED SEPARATE FILERS:** Taxable IRA distributions should be reported by the spouse whose name is on the account.

**LINE 9. Taxable Pensions and Annuities.** The same amounts of pensions and annuities are taxable for Iowa as are taxable on your federal return, except Railroad Retirement benefits paid by the Railroad Retirement Board. These are not taxable on the Iowa return. Do not subtract any Iowa pension exclusion on this line. See line 21.

**MARRIED SEPARATE FILERS:** The taxable portion of pensions and annuities is reported by the spouse who received the income.

**LINE 10. Rents, Royalties, Partnerships, Estates, Etc.** Report the income or loss from federal Schedule E and include a copy.

**MARRIED SEPARATE FILERS:** Divide income or loss from Schedule E based on ownership of the asset-producing income or partnership interest or individual named as beneficiary.

**LINE 11. Farm Income/Loss.** Enter the income or loss from federal Schedule F. Include a copy to your Iowa return.

**MARRIED SEPARATE FILERS:** Farm income must be reported by the spouse who claims it for self-employment tax purposes on the federal Schedule SE.

**LINE 12. Unemployment Compensation.** Enter the amount of unemployment compensation benefits that was taxable on your federal return, except for unemployment compensation and sickness insurance benefits paid by the Railroad Retirement Board.

**MARRIED SEPARATE FILERS:** If both spouses received unemployment benefits, each of the spouses should report the benefits received as shown on the 1099-G for each spouse.

**LINE 13. Taxable Social Security Benefits.** Iowa does not tax Social Security benefits in the same manner as the Internal Revenue Service. Iowa is implementing a gradual phase-out of the tax on Social Security income. For tax year 2013, the phase-out percentage is 89%. To compute the amount of Social Security benefits that are taxable to Iowa, complete the worksheet below.

## Line 13 Social Security Worksheet

1. Enter the amount from box 5 of form(s) SSA-1099. If you filed a joint federal return, enter the totals for both spouses. Do not include Railroad Retirement benefits from form RRB-1099 here. .... 1. \_\_\_\_\_
2. Enter one-half of line 1 amount. .... 2. \_\_\_\_\_
3. Add amounts from the federal 1040 on lines 7, 8a, 9a, 10 through 14, 15b, 16b, 17 through 19, and 21, plus one-half of any Railroad Retirement Social Security benefits from RRB-1099.\* If filing federal 1040A, use lines 7, 8a, 9a, 10, 11b, 12b, and 13, plus one-half of any Railroad Retirement Social Security benefits from RRB-1099. Include any bonus depreciation/section 179 adjustment from line 14 of the Iowa 1040 to compute correct amount. .... 3. \_\_\_\_\_
4. Enter the amount from line 8b of your federal 1040 or 1040A. .... 4. \_\_\_\_\_
5. Add lines 2, 3, and 4. .... 5. \_\_\_\_\_
6. Enter total adjustments from federal 1040, lines 23 through 32, plus any write-in adjustments you entered on the dotted line next to line 36. If filing federal 1040A, use the total of lines 16 and 17. .... 6. \_\_\_\_\_
7. Subtract line 6 from line 5. .... 7. \_\_\_\_\_
8. Enter one of the following amounts based on the federal filing status used on form 1040 or 1040A.  
Single, head of household, qualifying widow(er): enter \$25,000. — Married filing joint: enter \$32,000.  
— Married filing separate: enter -0- if you lived with your spouse at anytime in 2013 or \$25,000 if you did not live with your spouse at any time in 2013. .... 8. \_\_\_\_\_
9. Subtract line 8 from line 7. If zero or less, enter -0-. If line 9 is zero, none of the Social Security benefits are taxable. .... 9. \_\_\_\_\_
10. Enter one-half of line 9. .... 10. \_\_\_\_\_
11. Iowa Taxable Social Security benefits before phase-out: Enter the smaller of line 2 or line 10. .... 11. \_\_\_\_\_
12. Iowa Taxable Social Security Phase-out: Multiply line 11 by 89% (.89). .... 12. \_\_\_\_\_
13. Iowa Taxable Social Security after phase-out (Reduced Iowa Taxable Social Security): Subtract line 12 from line 11 and enter here and on line 13 of form IA 1040. .... 13. \_\_\_\_\_

\*Include the following incomes or adjustments to income on line 3 if applicable (these were excluded from federal AGI): Foreign earned income, income excluded by residents of Puerto Rico, American Samoa, and proceeds from savings bonds used for higher education and employer-provided adoption benefits. Although Railroad Retirement benefits are not taxable, one-half of the benefits received must be used to determine the amount of Social Security benefits that are taxable to Iowa. For purposes of determining taxable Social Security benefits, you must also include interest from federal securities.



**MARRIED SEPARATE FILERS:**

- a. If both spouses received Social Security benefits, the taxable amount is allocated between the spouses in the ratio of the benefits received by each spouse to the total benefits received.
- b. If only one spouse received benefits, that spouse should report the portion of the benefits that is taxable.

**LINE 14. Other Income, Gambling Income, Bonus Depreciation/Section 179 Adjustment.** Enter taxable income not reported on lines 1-13. Write an explanation of the type of income. Examples of income to be reported include:

- a. **Baby-sitting income** not reported on federal Schedule C or C-EZ.
- b. **Bonus depreciation/section 179 adjustment** from the IA 4562A; include the IA 4562A with your return.
- c. **Capital gain from installment sales in 2013:** Accrual-method taxpayers may use the installment method for reporting capital gain on their Iowa returns.
- d. **College Savings Iowa or Iowa Advisor 529 Plan:** Income received from the cancellation of a participation agreement to the extent the amount was previously deducted on line 24 of the IA 1040.
- e. **Director's fees**
- f. **Drilling:** Intangible drilling costs that were reported on federal form 6251.

**g. Executor's fees**

**h. Gambling winnings:** You must report the full amount of gambling winnings. Report any Iowa tax withheld on line 65 of the IA 1040. Gambling losses may be reported as an itemized deduction on Schedule A, but you cannot deduct more than the winnings you report.

**i. Partnership income and/or S corporation income:** Modifications that increased the income.

**j. Refundable Iowa credits** received in 2013 which were included as income on the federal 1040 must also be added back.

**k. Refunds:** State income tax refunds other than Iowa to the extent that the tax refunded in 2013 was deducted on a prior Iowa return.

**l. Wells:** Percentage depletion from an oil, gas or geothermal well that was reported on federal form 6251.

**m. Other income** as reported on line 21 of the federal 1040.

**MARRIED SEPARATE FILERS:** The spouse to whom the income was paid must report that income.

**STEP 5 ADJUSTMENTS TO INCOME**

All taxpayers report adjustments from all sources in this section.

**NONRESIDENTS AND PART-YEAR RESIDENTS** also report Iowa-source adjustments to income on the Schedule IA 126.

**LINE 16. Payments to an IRA, Keogh, or SEP.** Enter the amount claimed on your federal tax return for payments made to your IRA, Keogh Plan, SEP, SIMPLE, or Qualified Plans. Payments to a Roth IRA are not deductible.

**MARRIED SEPARATE FILERS:**

- a. If only one spouse has earned income, that individual can contribute up to \$5,500 per year (\$6,500 if 50 or older) to an IRA account of the nonworking spouse and up to \$5,500 per year (\$6,500 if 50 or older) to an IRA account of the individual.
- b. If both spouses earned income and made contributions to an IRA account, each spouse must claim his or her own contribution, not to exceed \$5,500 per spouse (\$6,500 if 50 or older).
- c. If both spouses made contributions to an IRA but only a portion of the contribution is deductible on the federal return, the amount of the IRA deduction that is allowed for federal income tax purposes must be allocated between the spouses in the ratio of the IRA contribution made by each spouse to the total IRA contribution made by both spouses.
- d. For Keogh Plans, SEPs, SIMPLE, or Qualified Plans, each spouse must claim his or her individual contributions.

**LINE 17. Deductible Part of Self-employment Tax.** Enter the amount of self-employment tax that was deductible on line 27 of your federal 1040 in computing federal adjusted gross income.

**MARRIED SEPARATE FILERS:** The deduction is allocated in the ratio of self-employment tax paid by each spouse to the total self-employment tax paid.

**LINE 18. Health Insurance Deduction.** Enter 100% of the amount paid for health and dental insurance premiums. This includes all supplemental health insurance, such as Medicare B supplemental medical insurance and Medicare D voluntary prescription drug insurance program (**not** "Medicare tax withheld" on your W-2), and long-term nursing home coverage. The deduction must be reduced by the amount of any premium reimbursement from Health Reimbursement Arrangements (HRAs). Schedule A may not contain any health insurance premiums which were used as a deduction on line 18. **Note that no deduction is available to any individual who paid health insurance premiums on a pretax basis.**

**MARRIED SEPARATE FILERS:** If one spouse is employed and has health insurance premiums paid through wages, that spouse will claim the entire deduction. If both spouses pay health insurance premiums through their wages, each spouse will claim what he or she paid.

If both spouses have self-employment income, the deduction for self-employed health insurance must be allocated between the spouses in the ratio of each spouse's self-employment income to the total self-employment income of both spouses. If health insurance premiums are paid directly by one spouse, that spouse will claim the entire deduction. If both spouses paid through a joint checking account, the deduction is allocated between the spouses in the ratio of each spouse's net income to the total net income of both spouses. For this net income calculation, do not include line 18, the health insurance deduction.

**LINE 19. Penalty on Early Withdrawal of Savings.** Enter the amount of any penalty you were charged because you withdrew funds from your time savings deposit before its maturity.

**MARRIED SEPARATE FILERS:** Divide the penalty amount between spouses based upon registered ownership of the time deposit.

**LINE 20. Alimony Paid.** Enter the amount of alimony payments or separate maintenance payments that were deductible on your federal tax return.

**MARRIED SEPARATE FILERS:** Only the spouse liable for these payments can deduct the alimony paid.

**LINE 21. Pension/Retirement Income Exclusion.** If you or your spouse receive a pension, annuity, self-employed retirement plan, deferred compensation, IRA distribution, or other retirement plan benefits, you may be eligible to exclude from Iowa income tax part or all of the retirement income that is taxable on your federal return. Social Security benefits are *not* included. The exclusion can be up to \$6,000 for individuals who file status 1, 5, or 6 and up to \$12,000 for married taxpayers who file status 2, 3, or 4. To take this exclusion the pensioner or retirement income recipient must meet one of the following conditions:

- a. 55 years of age or older on December 31, 2013, or
- b. disabled, or
- c. a surviving spouse or a survivor having an insurable interest in an individual who would have qualified for the exclusion in 2013 on the basis of age or disability.

**MARRIED SEPARATE FILERS:** If both spouses have pension income, and both meet the eligibility requirements, the exclusion of up to \$12,000 is prorated between them in the ratio that each spouse's pension relates to the total pension received by both spouses. If only one spouse has pension income and meets the eligibility requirements, that spouse takes the entire exclusion of up to \$12,000. The spouse who has no pension income receives no exclusion.

**LINE 22. Moving Expense Deduction.** Enter the deduction for moving expenses incurred in 2013. Include a copy of federal form 3903.

**MARRIED SEPARATE FILERS:** This deduction must be divided between spouses based on earned income received after their move. If one spouse can show that the move was made for that spouse, that spouse is entitled to the entire deduction.

**LINE 23. Iowa Capital Gain Deduction - for certain business/farm assets ONLY.** Gains on the sale of stocks or bonds **do not qualify** for the capital gain deduction. This is a 100% deduction of **qualifying** net capital gain realized in 2013. Capital gains from the sale of investment property **does not qualify** for the capital gain deduction, even if sold to lineal descendants of the owners of the property. Non-farm rental property may qualify. Material participation and holding period requirements, plus a flowchart to assist in determining if a gain qualifies, may be found in the online Expanded Instructions. (See Capital Gain Deduction Worksheet) For gains related to an ESOP, please see the online Expanded Instructions for qualifications.

**MARRIED SEPARATE FILERS:** Divide the capital gain deduction based on ownership of the asset.

a. Jointly held: Divide equally between spouses.

b. If other than jointly held: Divide between spouses based on percentage of ownership.

**LINE 24. Other Adjustments.** Enter the total of other allowable adjustments as listed below. Include an explanation for each adjustment.

a. Accrual method

b. Active Duty Military Pay included in line 15 Gross Income (see online Expanded Instructions)

c. Alternative motor vehicle deduction of \$2,000 for those completing federal form 8910 (Alternative Motor Vehicle Credit)

d. Capital gain from installment sales reported on the 2001 Iowa return using the accrual method

e. Capital or ordinary gain from involuntary conversion related to eminent domain

- f. Claim of Right Deduction may be taken on line 24, or you can calculate the tax reduction as a credit claimed on line 61, but not both
- g. College Savings Iowa or Iowa Advisor 529 Plan, up to \$3,045 per beneficiary
- h. Disability income exclusion, include IA 2440
- i. Domestic production activities deduction, see federal return
- j. (no adjustment currently assigned to "j")
- k. Employer Social Security credit from federal return
- l. Federal alcohol and cellulosic biofuel fuels credit from federal return
- m. Foreign-earned income exclusion and/or foreign housing deduction from federal return
- n. Gains or losses from distressed sale transactions
- o. Health savings account deduction from federal return
- p. Injured veterans program, contributions to (do not put on IA Sch. A)
- q. Injured veterans program, grants from
- r. In-home health care
- s. Iowa Veterans Trust Fund
- t. Military exemptions, not already excluded (see online Expanded Instructions)
- u. Net operating loss, Iowa
- v. Organ transplant expenses
- w. Partnership income and/or S corporation income: Modifications that decreased the income
- x. Segal Americorps Education Award Payments
- y. Speculative shell buildings
- z. Student loan interest deduction from federal 1040, line 33, or from federal 1040A, line 18
- aa. Victim compensation awards
- bb. Wages paid to certain individuals
- cc. Work Opportunity Credit from federal return
- dd. Other federal adjustments prior to the calculation of federal 1040 line 38 (federal AGI) not already taken on the IA 1040
- ee. Educator expenses
- ff. Tuition and fees deduction

**MARRIED SEPARATE FILERS:** When the adjustment is attributable to a specific spouse, it is taken by that spouse. When the adjustment is not attributable to any one spouse, it must be prorated based on the net income amounts on line 26. Calculate through line 26 as if the adjustment in question were excluded. If the adjustment is attributable to a dependent, such as the student loan interest deduction, it is prorated based on net income before the adjustment in question.

**Line 26 QUALIFICATIONS FOR EXEMPTION FROM TAX:** If you qualify for the low income exemption as explained below, enter the words "low income exemption" in the area to the left of your net income figure on line 26. Enter zero on line 53 and complete the remainder of the return.

**The following income must be included** when determining if you are eligible for the \$9,000 exemption or the \$13,500 exemption (\$24,000 or \$32,000 if 65 or older on 12/31/13).

a. The incomes of both spouses must be combined to determine if you meet this exemption from tax.

b. The amount of any pension exclusion that is taken on line 21 of the IA 1040.

c. Any Social Security Phase-out amount from line 12 of the Social Security Worksheet on page 2.

d. Any amount of lump-sum distribution separately taxed on federal form 4972.

e. Any net operating loss carryover.

**FILING STATUS 1, SINGLE:** If you are using filing status 1 (single), you are exempt from Iowa tax if you meet either of the following conditions:

a. Your net income from all sources, line 26, is \$9,000 or less and you are not claimed as a dependent on another person's Iowa return. **(\$24,000 if you are 65 or older on 12/31/13)**

b. Your net income from all sources, line 26, is less than \$5,000 and you are claimed as a dependent on another person's Iowa return.

**ALL OTHER FILING STATUSES:** If you are filing jointly, separate on a combined return, head of household, or qualifying widow(er), you are exempt from Iowa tax if you meet the following condition:

a. Your net income from all sources, line 26, is \$13,500 or less and you are not claimed as a dependent on another person's Iowa return. **(\$32,000 if you or your spouse is 65 or older on 12/31/13)**

**MARRIED SEPARATE FILERS:** Married taxpayers filing separate combined or separate returns must use the combined income of both spouses in determining eligibility for exemption from tax. If either spouse has a net operating loss that is carried back or forward, then the other spouse cannot use the low income exemption. If the spouse with the net operating loss chooses not to carry the loss back or forward, then the other can claim the low income exemption. A statement must be attached to the return saying that the spouse with the net operating loss will not carry it back or forward.

**Nonresidents and Part-year Residents:** In addition to the exemption provisions above, if you were a nonresident or part-year resident and had net income from Iowa sources of less than \$1,000 (see note below) you are exempt from Iowa tax. To review instructions for "Iowa-source income," see the instructions for lines 1-26 of the IA 126. If you had Iowa tax withheld and are requesting a refund, or choose to file an Iowa return even though you aren't required to do so, you must complete the entire IA 1040 and the entire IA 126.

**NOTE:** If you were a nonresident or part-year resident and subject to Iowa lump-sum tax or Iowa minimum tax (even if Iowa-source income is less than \$1,000), you are required to file an Iowa return reporting the lump-sum and/or minimum tax even if you have no regular Iowa income tax liability.

## STEP 6 FEDERAL TAX ADDITION AND DEDUCTION

**LINE 27. Federal Income Tax Refund/Overpayment Received in 2013.** Any federal income tax refund received during 2013 must be reported on this line. To find out the amount of your federal refund, you must contact the IRS at 1-800-829-1040 or [www.irs.gov](http://www.irs.gov). If you chose to have any part of an overpayment of federal income tax credited to estimated tax payments for 2013, the amount should be claimed as 2013 estimated tax paid on line 32. The total overpayment must be reported on line 27. Any portion of the federal refund received due to the motor fuel tax credit must be reported on the Iowa return.

**Do not include the federal refund in the following situations:**

- Do not include any part of the refund received from Earned Income Tax Credit, additional child tax credit, first-time homebuyer credit, refundable education credit, or adoption tax credit.
- You are filing an Iowa return for 2013 for the first time because you moved into Iowa during the year. A refund of federal tax received in 2013 is not reported if the tax was not deducted from Iowa income in a prior year.
- The refund you received was from a year in which you did not take a deduction for the payment of federal tax because your income was less than the minimum amount for paying Iowa tax or your tax for that year was calculated using the alternate tax computation.
- You were a nonresident for the tax year of the refund and were not required to file an Iowa return for that year.

**MARRIED SEPARATE FILERS:** If the refund received in 2013 was from a jointly-filed federal return, it must be divided between the spouses in the ratio of the spouses' Iowa net incomes in the year for which the refund was issued.

**LINE 28. Self-employment/Household Employment Taxes.**

- a. If any part of the federal tax payments on lines 31, 32, or 33 include self-employment tax, then the self-employment tax must be added back on line 28.

- b. If any part of the federal tax payments on lines 31, 32, or 33 include federal household employment taxes, then federal household employment taxes must be added back on line 28.

**MARRIED SEPARATE FILERS:** Each spouse must claim his or her own self-employment tax. Household employment taxes are divided between spouses in the ratio of their respective net incomes.

**LINE 31. Federal Tax Withheld.** Enter the amount listed in the box labeled "federal income tax withheld" on the W-2 or 1099 form(s) that you received.

**MARRIED SEPARATE FILERS:** Each spouse may claim only his or her own federal income tax withheld from wages.

**LINE 32. Federal Estimated Tax Payments Made in 2013.** Enter the federal estimated income tax payments made in 2013. Include any credit applied from your 2012 federal income tax overpayment. Federal Tax includes the tax on net investment income under section 1411(a) of the Internal Revenue Code.

**MARRIED SEPARATE FILERS:** All federal estimated tax payments made in 2013 are divided between spouses in the same ratio as their incomes not subject to federal withholding for the 2013 tax year.

**LINE 33. Additional Federal Tax Paid in 2013.**

- a. Enter the amount of additional federal income tax paid during 2013 for tax year 2012 and any other years before 2013. The amount of additional federal income tax paid is deductible only if Iowa income tax returns were required to be filed for the year for which the additional federal income tax was paid. Include only the actual federal tax payments made in 2013, but DO NOT include penalties and interest.

**MARRIED SEPARATE FILERS:** The additional federal tax paid must be divided between the spouses in the ratio of the spouses' Iowa net incomes for the prior years for which they paid additional federal income tax.

- b. FICA payments in excess of \$7,049.40 for Social Security tax for each person and the motor fuel tax credit from the 2013 federal return can be deducted as a federal tax payment on line 33.

## STEP 7 ITEMIZED OR STANDARD DEDUCTION

You may itemize deductions or claim the Iowa standard deduction, whichever is larger. You may itemize deductions on your Iowa return even if you did not itemize deductions on your federal return. You must complete the Iowa Schedule A to itemize deductions on the Iowa return.

**MARRIED SEPARATE FILERS:** If one spouse uses the itemized deduction, then both spouses must use the itemized deduction, even if separate Iowa returns are filed. Itemized deductions must be divided between spouses in the ratio of their respective net incomes.

**LINE 37. Itemized or Standard Deduction:** Mark the correct box to show the deduction method used.

**STANDARD: Tax year 2013, standard deduction is:**

Filing Status 1:	\$1,900
Filing Status 3 & 4:	\$1,900 for each spouse
Filing Status 2, 5 or 6:	\$4,670

**Itemized Deductions:**

- **The itemized deduction for state sales and use tax paid** is allowable only if the taxpayer claimed an itemized deduction for state sales and use tax paid on the federal form.
- Taxpayers with the **mortgage interest credit deduction** can claim on their Iowa return a deduction on line 9b of Schedule A for all home mortgage interest paid in the tax year and not just the home mortgage interest that was deducted on the federal Schedule A.
- **School Tuition Organization, Charitable Conservation Tax Credit Contributions, and Endow Iowa Tax Credit:** Do not include as an itemized deduction any contributions for which a credit is claimed on line 50 of the IA 1040.
- **Injured Veterans Program Contributions:** These contributions do not qualify as itemized deductions but can be taken on line 24.
- **Health Insurance Premiums:** Do not include as an itemized deduction any health insurance premiums shown on line 18 of the IA 1040.

- **Vehicle Registration Fee Deduction.** If you itemize deductions, a portion of the annual automobile registration fee you paid in 2013 may be deducted as personal property tax on your Iowa Schedule A, line 6. This deduction is for annual registration fees paid based on the value of qualifying automobiles and multipurpose vehicles. Multipurpose vehicles are defined as motor vehicles designed to carry not more than 10 people, and constructed either on a truck chassis or with special features for occasional off-road operation [Iowa Code section 321.1(44)]. Annual registration fees on the following vehicles are **not** deductible: pickups (model year 2009 or older), motor trucks, work vans, ambulances, hearses, non-passenger-carrying vans, campers, motorcycles, or motor bikes. See 2013 online Expanded Instructions for additional details, including information about model year 2010 and newer pickups.

**Newer Vehicles:** Use the following worksheet to calculate the deductible amount of registration fees paid in 2013 for qualifying automobiles (model year 2003 or newer) and multipurpose vehicles (model year 1993 or newer).

**Line 37 Vehicle Registration Deduction Worksheet**

1. Enter the actual annual registration fee paid ..... 1. \_\_\_\_\_
2. Take the weight of your vehicle and divide it by 250. The weight is found on your registration. ... 2. \_\_\_\_\_
3. Subtract line 2 from line 1. This is the deductible amount for line 37. .... 3. \_\_\_\_\_



**Older Vehicles:** For qualifying automobiles (model year 2002 or older) and multipurpose vehicles (model year 1992 or older) the deductible amount is 60% of the registration fees paid in 2013.

**Iowa Itemized Deduction Worksheet form IA 104** must be used if your federal AGI is more than \$300,000 for married filers (\$150,000 for married taxpayers filing separate returns) or qualified widow(er), \$275,000 for head of household filers and \$250,000 for single filers.

**Other Deductions (line 27 of IA Schedule A)**

**a. Expenses Incurred for Care of a Disabled Relative:** Expenses, not to exceed \$5,000, incurred in caring for a disabled relative in your home may be deducted. The expenses must be for the care of a person who is your grandchild, child, parent, or grandparent. The disabled person must be unable, by reason of physical or mental disability, to live independently and must be receiving or be eligible to receive medical assistance benefits under Title 19 of the U.S. Social Security Act. Only expenses that are not reimbursed can be claimed. An itemized list of expenses must be included with the return. Items may include food, clothing, medical expenses not otherwise deductible, and transportation. The following expenses cannot be included: rent, mortgage payments, interest, utilities, house insurance, and taxes. A statement from a qualified physician certifying that the person with the disability is unable to live independently must be submitted with the return the first year the deduction is taken and every third year thereafter.

**MARRIED SEPARATE FILERS:** The total deduction claimed by both spouses for each relative with a disability may not exceed \$5,000.

**b. Adoption Expenses:** If you adopted a child during the tax year, you may be eligible to deduct a portion of the adoption expenses you paid in 2013. This deduction is taken in the year you paid the expenses even if the child is not placed in your home that year. Costs relating to the child's birth, any necessary fees, and all other costs connected with the adoption procedure are allowed. Include a list of expenses with your return.

Subtract 3% of your total Iowa net income entered on line 26 from the total of qualifying adoption expense. If married, 3% of the combined net income must be subtracted. Only the amount which exceeds 3% of your total Iowa net income may be deducted.

**c. Mileage Deduction for Charitable Purposes:** Iowa allows you an *additional* deduction for automobile mileage driven for charitable organizations. Calculate the deduction as follows:

1. Number of miles x 39¢/mile 1. \_\_\_\_\_
2. Less charitable mileage deduction  
already included as part of line 26,  
Iowa Schedule A 2. \_\_\_\_\_
3. Equals additional mileage deduction  
for charitable purposes. 3. \_\_\_\_\_

## STEP 8 TAX CALCULATION

**LINE 39. Tax from Tables or Alternate Tax.** The tax tables begin on page 11 for all filing statuses.

**Alternate Tax Calculation:** For filing statuses 2, 3, 4, 5, and 6. If the combination of your net income from line 26 PLUS any pension exclusion taken on line 21 and Social Security Phase-out taken on line 12 of the Social Security Worksheet on page 2 exceeds \$13,500 (\$32,000 if you or your spouse is 65 or older on 12/31/13), **you are required to file a return but you may owe less tax** by completing the worksheet below to compute your tax liability. Enter this alternate tax on line 39 if it is less than the tax from the tax table. This is not available to status 1 filers.

**If you are married filing separately and one spouse has a net operating loss that will be carried back or forward,** then you cannot use the alternate tax computation. If the spouse with the net operating loss elects not to carry the net operating loss back or forward, then you can use the alternate tax computation. A statement must be included with the return saying that the spouse with the net operating loss will not carry it back or forward.

### ALTERNATE TAX CALCULATION

1. Enter the total of net income from line 26, pension exclusion from line 21 of the IA 1040 and Social Security Phase-out taken on line 12 of the Social Security Worksheet on page 2. Filing statuses 3 or 4: Enter combined totals of both spouses. .... 1. \_\_\_\_\_
2. Enter \$13,500. (\$32,000 if you or your spouse is 65 or older on 12/31/13.) ..... 2. \_\_\_\_\_
3. Income subject to alternate tax. Subtract line 2 from line 1 ..... 3. \_\_\_\_\_
4. Multiply line 3 by 8.98% (.0898). ..... 4. \_\_\_\_\_
5. Using the tax tables, determine the tax on the taxable income from line 38 of the IA 1040. Status 3 and 4 filers: Calculate tax separately and combine the amounts. .... 5. \_\_\_\_\_
6. Compare the amounts on line 4 and line 5. Enter the smaller amount here and on line 39, IA 1040. .... 6. \_\_\_\_\_

**MARRIED SEPARATE FILERS** (including status 4): Use the combined net incomes of both spouses to compute the alternate tax. (If you are status 4 and do not provide the other spouse's income in Step 2 of the IA 1040, you will not be allowed the alternate tax calculation.) Divide the alternate tax between spouses in the ratio of the net income of each spouse to the combined net income of both spouses. "Net income" for purposes of this

proration is the amount from line 26, plus any pension exclusion from line 21 and Social Security Phase-out taken on line 12 of the Social Security Worksheet.

**LINE 40. Iowa Lump-sum Tax.** Enter 25% of federal tax from form 4972.

**LINE 41. Iowa Minimum Tax.** The Iowa minimum tax is imposed, for the most part, on the same tax preference items and adjustments on which federal minimum tax is imposed. However, you may be subject to Iowa minimum tax even if you have no liability for federal minimum tax. If you had tax preference items and adjustments in 2013, see form IA 6251 for further information.

**Nonresidents and Part-year Residents:** If you have Iowa-source tax preferences or adjustments, you may be subject to Iowa minimum tax. See form IA 6251.

**LINE 44. Tuition and Textbook Credit.** Taxpayers who have one or more dependents attending Kindergarten through 12th grade in an accredited Iowa school may take a credit for each dependent for amounts paid for tuition and textbooks. Dependents must have attended a school in Iowa that is accredited under section 256.11, not operated for a profit, and adheres to the provisions of the U.S. Civil Rights Act of 1964. The credit amount is 25% of the first \$1,000 paid for each dependent for tuition and textbooks. In the case of divorced or separated parents, only the spouse claiming the dependent can claim the amounts paid by that spouse for tuition and textbooks for that dependent. Expenses for textbooks or other items for home schooling, tutoring, or schooling outside an accredited school **do not** qualify for the credit. "Tuition" means any charges for the expense of personnel, buildings, equipment, and materials other than textbooks, and other expenses that relate to the teaching of only those subjects legally and commonly taught in Iowa's public elementary and secondary schools. "Textbooks" means books and other instructional materials used in teaching those same subjects. This includes fees, books, and materials for extracurricular activities. Examples of extracurricular activities: sporting events, speech activities, musical or dramatic events, driver's education (if paid to a school), awards banquets, homecoming, prom (purchase of clothing does not qualify), and other school related social events. **For lists of items eligible and not eligible for the credit, see 2013 Expanded Instructions on our website.** (Credit can be claimed only for dependents listed on the return.) Calculate the proper amount of expenses per dependent and multiply the amount – not to exceed \$1,000 – by 25% (.25).

**Example:** Students Patty and Mark have qualifying expenses of \$1,400 and \$700 respectively. Their parents can take a credit of \$250 (25% of \$1,000 maximum) for Patty and \$175 (25% of \$700) for Mark, for a total credit of \$425.

**MARRIED SEPARATE FILERS:** This credit must be taken by the spouse claiming the dependent. Any unused part of this credit cannot be used by the other spouse.

**LINE 45. Volunteer Firefighter and Volunteer Emergency Medical Services (EMS) Personnel Tax Credit.** A tax credit of up to \$50 is available for volunteer firefighters and volunteer EMS personnel. A volunteer firefighter must be an active member of an organized volunteer fire department in Iowa who has met minimum training standards. Volunteer EMS personnel must be individuals trained to provide emergency medical care, who are certified as first responders, and have been issued certificates by the Iowa Department of Public Health. The tax credit equals \$50 if the volunteer served for all of 2013. If the volunteer did not serve during all of 2013. The \$50 credit is prorated based on the number of months the volunteer served, rounded to the nearest dollar. If an individual is both a volunteer firefighter and a volunteer EMS, the credit is still limited to \$50 in total.

**LINE 48. Credit for Nonresident or Part-year Resident.** Enter the amount of your nonresident/part-year resident tax credit from Schedule IA 126, line 33. IA 126 instructions begin on page 8. Examples are available in the online Expanded Instructions. You may owe less tax by using filing

status 3 or 4. A copy of Schedule IA 126 and a copy of your federal return must be included.

**LINE 50. Other Nonrefundable Iowa Credits.** Enter the total of the credits from Part I of the IA 148 Tax Credits Schedule. See the 2013 online Expanded Instructions for the list of credits. You must include the IA 148 with the IA 1040.

**LINE 52. School District Surtax/EMS Surtax.** Multiply the amount on line 51 by the surtax rate and enter the result. The applicable school district is the one in which you resided on the last day of the tax year, not necessarily the district where your children attend school. Taxpayers without children, or without children in public school, are still subject to this tax. Surtax rates are listed on pages 16-17. The name of your school district may be found on your voter registration card.

**LINE 55. Contributions.** Enter your voluntary contributions to any of the checkoffs in boxes 55a, 55b, 55c, and 55d. Please note that you may contribute to any of the checkoffs regardless of whether you are entitled to a refund or owe additional taxes, but your contribution will reduce your refund or add to the amount you owe. Your contribution this year will qualify as a charitable contribution on next year's return if the return is filed during the calendar year. If you file an amended return, you cannot change your contribution.

**MARRIED SEPARATE FILERS:** Married couples filing separately on a combined return (filing status 3) must enter their combined checkoff amounts in the appropriate box(es) if both choose to contribute.

STEP 9 CREDITS

**LINE 57. Out-of-state Tax Credit.** All income an Iowa resident earns is taxable to Iowa to the same extent that it is taxable on the federal return even if the income was earned in another state or foreign country. If another state or foreign country taxes that same income, then the Iowa resident may be able to claim the Out-of-state Tax Credit by completing the IA 130 form. See examples on page 10.

**LINE 58. Motor Fuel Tax Credit.** Enter the amount of Motor Fuel Tax Credit from Schedule IA 4136. The federal Schedule 4136 cannot be used. The Iowa credit does **not** apply to fuel used in on-road vehicles or pleasure boats. If you have an Iowa Motor Fuel Tax Refund Permit Number and have claimed any refunds during the tax year, do **not** claim any credit on this line.

**LINE 59. Child and Dependent Care Credit OR Early Childhood Development Credit. Only one of these credits may be taken.** Only taxpayers with a net income of less than \$45,000 are eligible to take one of these credits. If you are married, your net income and the net income of your spouse must be combined to determine if you qualify, even if your spouse does not file an Iowa return.

**If you are choosing the Child and Dependent Care Credit, use the following worksheet to calculate the credit.**

1. Enter the amount from line 11 of federal form 2441.  

1. \_\_\_\_\_
2. If total of line 26 of the IA 1040, columns A and B, is:  

allowable %

allowable %

Less than \$10,000 ..... 75%    \$25,000 - \$34,999 ... 50%

\$10,000 - \$19,999 ..... 65%    \$35,000 - \$39,999 ... 40%

\$20,000 - \$24,999 ..... 55%    \$40,000 - \$44,999 .. 30%

\$45,000 and over: ..... 0%

Enter % here    2. \_\_\_\_\_
3. Multiply line 1 by the percentage on line 2.  
Enter the result here and  
on line 59 of the IA 1040.    3. \_\_\_\_\_

**Nonresidents and Part-year Residents:** The Child and Dependent Care Credit must be adjusted using the following formula:

Iowa net income (line 26, IA 126)

÷

All-source net income of you  
and spouse (line 26, IA 1040)

×

credit calculated  
above

=

credit on  
line 59

The ratio cannot exceed 100%

**If you are choosing the Early Childhood Development Credit,** you may take the credit equal to 25% of the first \$1,000 of qualifying expenses paid in 2013 for each dependent from the ages of three through five.

Expenses that qualify include the following:

- Services provided by a preschool, as defined in IA Code section 237A.1
- Books that improve child development, such as textbooks, music and art books, teacher's editions, and reading books
- Instructional materials required to be used in a lesson activity, such as paper, notebooks, pencils, and art supplies
- Lesson plans and curricula
- Child development and educational activities outside the home, such as drama, art, music and museum activities, and the entrance fees for such activities

Early childhood development expenses that do **not** qualify include:

- Food, lodging, or membership fees relating to child development and educational activities outside the home
- Services, materials, or activities for the teaching of religious tenets, doctrines, or worship, if the purpose of these expenses is to instill those tenets, doctrines, or worship

**MARRIED SEPARATE FILERS:** In computing the credit, the combined net income of both spouses must be used. The credit must be divided between spouses in the ratio of each spouse's net income to their combined net income.

**LINE 60. Iowa Earned Income Tax Credit (EITC).** Enter 14.0% (0.14) of the federal EITC claimed on your federal return.

**Nonresidents and Part-year Residents:** The Iowa EITC must be adjusted using the following formula:

Iowa net income (line 26, IA 126)

÷

All-source net income of you  
and spouse (line 26, IA 1040)

×

Iowa EITC = credit on line 60

The ratio cannot exceed 100%.

**MARRIED SEPARATE FILERS:** The Iowa EITC must be divided between spouses in the ratio of each spouse's earned income to total earned income. Earned income includes wages, salaries, tips, or other compensation, and net earnings from self-employment.



**LINE 61. Other Refundable Credits.** Enter the total of other credits from Part II, IA 148 Tax Credits Schedule. See the 2013 online Expanded Instructions for a list of credits. Include the IA 148 with the IA 1040.

**LINE 64. Taxpayers Trust Fund Tax Credit.** A tax credit of \$54 can be claimed for each taxpayer who files a 2013 Iowa 1040 return by October 31, 2014. For taxpayers who file a joint return or married filing separately on a combined return, each spouse can claim the \$54 credit. The credit is limited to the tax liability shown on line 63, and there is no

carry forward of any excess credit that is unused.

**LINE 65. Iowa Income Tax Withheld.** Enter the total amount of income tax withheld for Iowa on your W-2s, W-2Gs, and/or 1099s.

**LINE 66. Estimated and Voucher Payments.** Enter the total amount of 2013 Iowa estimated tax payments. This includes any fourth quarter payment made in January 2014 and any payments made with the IA 1040V Payment Voucher for 2013. Also include any amount applied to your 2013 Iowa estimated tax from line 71 of your 2012 Iowa income tax return.

#### STEP 10 REFUND OR AMOUNT YOU OWE

**LINE 73. Penalty for Underpayment of Estimated Tax:**

If you are required to make estimated tax payments but fail to make the payments, you are subject to a penalty in addition to any tax you may owe. The penalty is determined in the same way as for federal purposes. Consequently, you must include your Iowa income, lump-sum, and minimum taxes when calculating the penalty for underpayment of estimated tax.

If you are subject to this penalty, complete IA 2210 or IA 2210S (IA 2210F for farmers and fishers), enter the penalty on this line, and include a copy with your return. If you choose to use the annualized method of computing the penalty, include a copy of the IA 2210 Schedule AI with your tax return.

If you are due a refund, subtract the penalty amount from the overpayment you show on line 70 or line 71.

**Line 74. Penalty and Interest.**

Iowa does not follow the federal extension guidelines.

**74a. 10% Penalty for Failure to Timely File a Return:** If you do not file your return by the due date and at least 90% of the correct tax is not paid, you owe an additional 10% of the unpaid tax.

**5% Penalty for Failure to Timely Pay the Tax Due:** If you file your return on time but do not pay at least 90% of the correct tax due, you owe an additional 5% of the unpaid tax.

You will never be subject to both the 5% and 10% penalties. The penalty will be the applicable 5% or 10%, but not a total of 15%.

**74b. Interest must be added to delinquent tax.** Interest is added at a rate of 0.4% per month beginning on the day after the due date of the return and accrues each month until paid in full.

**LINE 75. You have four options to pay the amount due.** Direct debit payment with the income tax return, ePay (direct debit) at [www.iowa.gov/tax](http://www.iowa.gov/tax), credit/debit card, or mail a check/money order with an IA 1040V Payment Voucher from our website, payable to Treasurer, State of Iowa. Do not make payments of less than one dollar. See the 2013 online Expanded Instructions for more information.

#### STEP 11: POLITICAL CHECKOFF

Contributions to this checkoff do not reduce your refund or increase your amount due. Contributing to this checkoff is not required. You may assign \$1.50 to a specific political party or to the Iowa Election Campaign Fund for distribution to qualifying parties. Each spouse may assign \$1.50 to the party of choice regardless of the filing status of the return.

#### STEP 12: SIGNATURE

Returns are not processed and refunds are not issued if returns are not signed. If you and your spouse file a joint or combined return, both of you must sign. Deceased Taxpayer: If your spouse died and you are filing a joint or combined return, write on the deceased's signature line "Filing as a surviving spouse," check the box, and enter the date of death. Also, enclose any forms required to be filed with your federal return, such as federal form 1310 or a copy of the court certificate showing your appointment as a personal representative of the decedent.

### 2013 INSTRUCTIONS FOR SCHEDULE IA 126

You will need to complete the IA 1040 lines 1-47 before you can complete the IA 126. The IA 1040 must be completed using **all-source income**. Nonresidents and part-year residents of Iowa will use the IA 126 to figure your **Iowa-source income**. The credit from this form is used to reduce total tax on your IA 1040. Please include a copy of your federal return.

**For part-year Iowa residents,** Iowa net income includes all income received *while living in Iowa plus any Iowa-source income* received while a nonresident. **For nonresidents,** Iowa net income will include all income *from Iowa sources*. Complete lines 1-26 of the IA 126 using only income from Iowa sources. Enter the amount of credit from line 33, IA 126, on line 48, IA 1040.

**If you used filing status 3 (married filing separately on the combined return)** on your IA 1040, you will divide your Iowa income between spouses using the instructions given for the corresponding line on the IA 1040 for married separate filers.

#### 1. WAGES, SALARIES, TIPS, ETC.

**Part-year residents:** Include all W-2 income earned while an Iowa resident, even if it was earned in another state, and any income for services performed in Iowa while a nonresident of the state. If it was earned in another state, you may also need to fill out the IA 130 when you pay tax to the other state. You will need to check with that state for their filing requirements.

**Nonresidents:** Report only Iowa-source income. If the portion of employee compensation earned in Iowa by a nonresident is not reported separately, allocate the compensation based upon the number of days worked in Iowa to total work days.

#### 2. TAXABLE INTEREST INCOME.

**Part-year residents:** Report all interest shown on the IA 1040 which accrued while an Iowa resident and any interest received while a nonresident which was derived from a trade, business, or profession carried on within Iowa.

**Nonresidents:** Report only the interest derived from an Iowa trade, business, or profession.

#### 3. DIVIDEND INCOME.

**Part-year residents:** Report all dividends received while an Iowa resident and any dividends derived from an Iowa trade, business, or profession while a nonresident.

**Nonresidents:** Report the dividends derived from an Iowa trade, business, or profession.

#### 4. ALIMONY RECEIVED.

**Part-year residents:** Report all alimony or separate maintenance payments received while an Iowa resident.

**Nonresidents:** Do not enter anything on this line.

#### 5. BUSINESS INCOME OR (LOSS).

**Part-year residents:** Report all federal Schedule C or C-EZ income earned while an Iowa resident and any portion of business income or loss earned while a nonresident attributable to a business conducted in Iowa.

**Nonresidents:** Report the portion of business income or loss attributable to a business conducted in Iowa. Include a supporting schedule showing Iowa gross receipts divided by total gross receipts; multiply this ratio times

the total net income from federal Schedule C or C-EZ. A sale is considered an Iowa sale if goods are delivered or shipped to a point within the state regardless of Freight on Board (F.O.B.) point.

#### **6. CAPITAL GAIN OR (LOSS).**

**Part-year residents:** Include 100% of the capital gain or loss from assets sold while an Iowa resident. In addition, capital gain or loss from assets sold while a nonresident of Iowa should be reported on the basis of the instructions for nonresidents that follow.

**Nonresidents:** Include in Iowa income 100% of capital gain or loss from the following:

- a. Sales of real or tangible personal property if the property was located in Iowa at the time of the sale; or
- b. Sales of intangible personal property if the taxpayer's commercial domicile is in Iowa.

NOTE: You may have a gain here even if you have a net loss on the IA 1040.

#### **7. OTHER GAINS OR (LOSSES).**

**Part-year residents:** Report 100% of gains or losses from assets sold or exchanged while an Iowa resident and any gains or losses from federal form 4797 while a nonresident if the property was located in Iowa at the time of sale or exchange.

**Nonresidents:** Report any gains or losses from federal form 4797 if the property was located in Iowa.

NOTE: You may have a gain here even if you have a net loss on the IA 1040.

#### **8. TAXABLE IRA DISTRIBUTIONS.**

**Part-year residents:** Report any taxable IRA distributions received while an Iowa resident.

**Nonresidents:** Do not enter anything on this line.

#### **9. TAXABLE PENSIONS AND ANNUITIES.**

Pension is taxable to the state you live in when you receive it.

**Part-year residents:** Report any pension and annuity income reported on line 9 of the IA 1040 which was received while an Iowa resident.

**Nonresidents:** Do not enter anything on this line.

#### **10. RENTS, ROYALTIES, PARTNERSHIPS, ESTATES, TRUSTS, ETC.**

**Part-year residents:** Report all income shown on federal Schedule E which was earned or received while an Iowa resident and all rents and royalties from Iowa sources and partnerships or S corporation income earned or received while a nonresident.

**Nonresidents:** Report all rents and royalties from Iowa sources and all Iowa partnership or S corporation income. See instructions for allocation of business income on line 5 of this section.

#### **11. FARM INCOME OR (LOSS).**

**Part-year residents:** Report all net farm income earned or received while an Iowa resident. Also report all net income from Iowa farm activities while a nonresident using the instructions for nonresidents given below.

**Nonresidents:** Report the total net income from Iowa farm activities. If farm activities were conducted both within and without Iowa, provide a separate schedule showing allocation of the income and expenses to Iowa.

#### **12. UNEMPLOYMENT COMPENSATION.**

**Part-year residents:** Report all unemployment benefits received while an Iowa resident and those benefits received the rest of the year that relate to past employment in Iowa.

**Nonresidents:** Report the unemployment benefits that relate to employment in Iowa. If the unemployment benefits relate to employment in Iowa and employment in another state, report the benefits to Iowa in the ratio of Iowa salaries and wages to total salaries and wages.

#### **13. TAXABLE SOCIAL SECURITY BENEFITS.**

**Part-year residents:** Report any Social Security income reported on line 13 of the IA 1040 which was received while an Iowa resident.

**Nonresidents:** Do not enter anything on this line.

#### **14. OTHER INCOME.**

**Part-year residents:** Report any income on line 14 of IA 1040 which was received while an Iowa resident or income from Iowa sources while a nonresident. This includes gambling income and the bonus depreciation/section 179 adjustment attributable to Iowa from the IA 4562A.

**Nonresidents:** Report all other taxable income from Iowa sources. This includes gambling income.

#### **16. PAYMENTS TO AN IRA, KEOGH, OR SEP.**

**Part-year residents:** Deduct payments made to an IRA, Keogh, or SEP plan while an Iowa resident.

**Nonresidents:** Deduct payments made to an IRA, Keogh, or SEP plan in the ratio of Iowa earned income to total earned income.

#### **17. DEDUCTIBLE PART OF SELF-EMPLOYMENT TAX.**

**Part-year residents:** Deduct the portion of the self-employment tax that is attributable to the self-employment income earned while an Iowa resident.

**Nonresidents:** Deduct the portion of the amount allowed on your federal return in the ratio of your Iowa self-employment income to your total self-employment income.

#### **18. HEALTH INSURANCE DEDUCTION.**

**Part-year residents:**

a. **Self-employed.** Enter 100% of the health insurance premiums paid by a self-employed individual while an Iowa resident.

b. **Deducted through wages.** Enter 100% of the health insurance premiums that were not withheld from your wages on a pretax basis while an Iowa resident.

c. **Paid direct by taxpayer.** Enter 100% of the health insurance premiums that you paid while an Iowa resident.

**Nonresidents:**

a. **Self-employed.** Enter 100% of the health insurance premiums paid by a self-employed individual in the ratio of Iowa self-employment income to total self-employment income.

b. **Deducted through wages.** Enter 100% of the health insurance premiums that were not withheld from your wages on a pretax basis in the ratio of Iowa wages to total wages.

c. **Paid direct by taxpayer.** Multiply the health insurance premiums that you paid by the ratio of your Iowa-source net income on line 26 of the IA 126 to total net income on line 26 of the IA 1040. For this net income calculation, do not include line 18, the health insurance deduction in the above-referenced net income amounts.

#### **19. PENALTY ON EARLY WITHDRAWAL OF SAVINGS.**

**Part-year residents:** Deduct the amount of any penalty you were charged because you withdrew funds from your time savings deposit before its maturity while an Iowa resident or what was derived from an Iowa trade, business, or profession.

**Nonresidents:** Deduct the amount of any penalty you were charged because you withdrew funds from your time savings deposit before its maturity that was derived from an Iowa trade, business, or profession.

#### **20. ALIMONY PAID.**

**Part-year residents:** Deduct alimony paid while an Iowa resident.

**Nonresidents:** Deduct alimony paid in the ratio of Iowa gross income to total gross income.

#### **21. PENSION/RETIREMENT INCOME EXCLUSION.**

**Part-year residents:** If you qualify for this exclusion on the IA 1040, you may exclude the amount of taxable retirement income received while an Iowa resident, up to a maximum of \$6,000 (if filing status 1, 5, or 6) or \$12,000 (if filing status 2, 3, or 4).

**Nonresidents:** Iowa-source retirement income received by a nonresident is not taxable to Iowa. Therefore, you do not qualify to take this exclusion. Do not enter anything on this line.

#### **22. MOVING EXPENSES.**

**Part-year residents** who moved into Iowa can enter any nonreimbursed moving expenses from line 22 of the IA 1040 that relate to the move to

Iowa. Part-year residents moving out of Iowa cannot take any deduction on this line.

**Nonresidents:** Do not enter anything on this line.

**23. IOWA CAPITAL GAIN DEDUCTION.**

Enter 100% of qualifying capital gains attributable to Iowa sources.

**24. OTHER ADJUSTMENTS.**

Deduct miscellaneous adjustments to income in the same ratio as the income to which the adjustment relates was allocated to Iowa.

**26. IOWA NET INCOME.**

Subtract line 25 from line 15 and enter the difference on this line. If line 26 is \$1,000 or more **or** you are subject to Iowa lump-sum or minimum tax, complete lines 27 through 33. If line 26 is less than \$1,000 **and** you are not subject to Iowa lump-sum or minimum tax, you are not required to file an Iowa income tax return. Married taxpayers must combine their Iowa income amounts for purposes of the \$1,000 filing threshold. However, if you had Iowa tax withheld and are requesting a refund, or choose to file an Iowa return even if you aren't required to do so, put 100% on line 29, complete the remainder of the schedule, and put the credit amount on line 48 of the IA 1040.

**Nonresident Example 1:**

Chad is a resident of Nebraska and works in Iowa. His income includes

wages earned in Iowa and interest income from a Nebraska bank. Chad will report the wages and interest on the IA 1040 as all-source income. He will list his wages only on the IA 126 as his Iowa-source income.

**Nonresident Example 2:**

Laura lived in Illinois the entire tax year. She earned \$25,000 in wages from Iowa and won \$5,000 at an Iowa casino. She will report all of her income on the IA 1040 as all-source income. Only the gambling income will be reported on the IA 126 as her Iowa-source income.

Iowa has a reciprocal agreement with Illinois, which means that wages and salaries are taxed by the individual's state of residence. All income received from gambling in Iowa is taxable to Iowa regardless of the person's state of residence.

**Part-year Resident Example:**

Jill lived and worked in Iowa the first six months of the tax year. In addition to her wages, she received interest income from an Iowa bank. Jill then moved to Missouri, where she was employed for the rest of the year. She continued to receive interest income from the Iowa bank. Jill will report all of her income from both states on the IA 1040 as all-source income. On the IA 126, she will report only the wages and interest income earned while an Iowa resident as Iowa-source income. The interest income earned the last half of the year is not considered Iowa-source income since Jill was no longer an Iowa resident.

**IOWA SCHEDULE IA 130  
Out-of-state Tax Credit**

Schedule IA 130, the Iowa Out-of-state Credit Computation, is only for residents or part-year residents of Iowa who earned income while an Iowa resident which was taxed by another state or foreign country.

**Example 1 - Full-Year Iowa Residents Only**

Jennifer lived in Iowa all year but worked in both Iowa and Nebraska. She earned \$10,000 in Iowa. She also earned \$15,000 in Nebraska that was taxed by Nebraska. Jennifer will report \$25,000 on line 15 of the IA 1040 as gross income. Line 51 of the IA 1040 is \$1,050. On the Nebraska state return the tax imposed\* on her income was \$450.

	Column B Spouse Status 3 Only	Column A You or Joint
1. Amount of gross income you received that was taxed by Iowa and taxed by the other state/foreign country.....		\$15,000
2. Gross taxable income for residents from line 15, IA 1040.....		25,000
3. Divide line 1 by line 2 and enter the percentage (not to exceed 100.0%) .....		60%
4. Tax from line 51, IA 1040 (less lump-sum tax and minimum tax) .....		1,050
5. Multiply line 4 by percentage on line 3 .....		630
6. Enter the tax imposed* by the other state or foreign country .....		450
7. Enter the smaller of line 5 or 6. This is your Out-of-state Tax Credit. Enter this amount on line 57, IA 1040 .....		450

**Example 2 - Part-Year Iowa Residents Only**

Benny lived in Iowa until the end of June. July 1 he moved to Missouri. He worked all year in the state of Missouri. Benny earned a salary of \$30,000 for the year, \$15,000 while he lived in Iowa and \$15,000 while he lived in Missouri. Benny also earned \$10,000 farm rental income from farmland located in Iowa. Line 51 of the IA 1040 is \$1,292. On the Missouri state return, the tax imposed\* on his income was \$1,000.

	Column B Spouse Status 3 Only	Column A You or Joint
1. Amount of gross income you received that was taxed by Iowa and taxed by the other state/foreign country.....		\$15,000
2. Gross taxable income for part-year residents from line 15, IA 126 .....		25,000
3. Divide line 1 by line 2 and enter the percentage (not to exceed 100.0%) .....		60%
4. Tax from line 51, IA 1040 (less lump-sum tax and minimum tax) .....		1,292
5. Multiply line 4 by percentage on line 3 .....		775
6. Enter the tax imposed* by the other state or foreign country .....		1,000
7. Enter the total amount of gross income taxed by the other state/foreign country. ....		30,000
8. Divide line 1 by line 7 and enter the percentage (not to exceed 100.0%) .....		50%
9. Multiply line 6 by the percentage on line 8. ....		500
10. Enter the smaller of line 5 or 9. This is your Out-of-state Tax Credit. Enter this amount on line 57, IA 1040. ....		500

\* "Tax imposed" is the tax calculated from the tax formula/tables on the other state/foreign country's tax return, less any non-refundable credits. Do not reduce this figure by the tax withheld or estimated tax payment made to the other state/foreign country.



# 2013 IA1040 TAX TABLES For All Filing Statuses

To find your tax: Read down the left column until you find the range for your Iowa taxable income from line 38 on form IA1040.  
Read across to the column marked "Your Tax Is." Enter the amount on line 39.

## If line 38 of form IA1040 is:

Over	But Not Over	Your Tax Is
0	150	0
150	400	1
400	700	2
700	950	3
950	1,250	4
1,250	1,500	5
1,500	1,650	6
1,650	1,800	7
1,800	1,950	8
1,950	2,050	9
2,050	2,200	10
2,200	2,350	11
2,350	2,500	12
2,500	2,600	13
2,600	2,750	14
2,750	2,900	15
2,900	3,000	16
3,000	3,050	17
3,050	3,100	18
3,100	3,150	19
3,150	3,200	21
3,200	3,250	22
3,250	3,300	23
3,300	3,350	24
3,350	3,400	26
3,400	3,450	27
3,450	3,500	28
3,500	3,550	29
3,550	3,600	30
3,600	3,650	32
3,650	3,700	33
3,700	3,750	34
3,750	3,800	35
3,800	3,850	36
3,850	3,900	38
3,900	3,950	39
3,950	4,000	40
4,000	4,050	41
4,050	4,100	43
4,100	4,150	44
4,150	4,200	45
4,200	4,250	46
4,250	4,300	47
4,300	4,350	49
4,350	4,400	50
4,400	4,450	51
4,450	4,500	52
4,500	4,550	53
4,550	4,600	55
4,600	4,650	56
4,650	4,700	57
4,700	4,750	58
4,750	4,800	60
4,800	4,850	61
4,850	4,900	62
4,900	4,950	63
4,950	5,000	64
5,000	5,050	66
5,050	5,100	67
5,100	5,150	68
5,150	5,200	69
5,200	5,250	70
5,250	5,300	72
5,300	5,350	73
5,350	5,400	74
5,400	5,450	75
5,450	5,500	77
5,500	5,550	78
5,550	5,600	79
5,600	5,650	80
5,650	5,700	81
5,700	5,750	83
5,750	5,800	84
5,800	5,850	85
5,850	5,900	86
5,900	5,950	88

## If line 38 of form IA1040 is:

Over	But Not Over	Your Tax Is
5,950	6,000	89
6,000	6,050	91
6,050	6,100	93
6,100	6,150	95
6,150	6,200	98
6,200	6,250	100
6,250	6,300	102
6,300	6,350	104
6,350	6,400	107
6,400	6,450	109
6,450	6,500	111
6,500	6,550	113
6,550	6,600	116
6,600	6,650	118
6,650	6,700	120
6,700	6,750	122
6,750	6,800	125
6,800	6,850	127
6,850	6,900	129
6,900	6,950	131
6,950	7,000	134
7,000	7,050	136
7,050	7,100	138
7,100	7,150	140
7,150	7,200	143
7,200	7,250	145
7,250	7,300	147
7,300	7,350	149
7,350	7,400	152
7,400	7,450	154
7,450	7,500	156
7,500	7,550	158
7,550	7,600	161
7,600	7,650	163
7,650	7,700	165
7,700	7,750	167
7,750	7,800	170
7,800	7,850	172
7,850	7,900	174
7,900	7,950	176
7,950	8,000	179
8,000	8,050	181
8,050	8,100	183
8,100	8,150	185
8,150	8,200	188
8,200	8,250	190
8,250	8,300	192
8,300	8,350	194
8,350	8,400	197
8,400	8,450	199
8,450	8,500	201
8,500	8,550	203
8,550	8,600	206
8,600	8,650	208
8,650	8,700	210
8,700	8,750	212
8,750	8,800	215
8,800	8,850	217
8,850	8,900	219
8,900	8,950	221
8,950	9,000	224
9,000	9,050	226
9,050	9,100	228
9,100	9,150	230
9,150	9,200	233
9,200	9,250	235
9,250	9,300	237
9,300	9,350	239
9,350	9,400	242
9,400	9,450	244
9,450	9,500	246
9,500	9,550	248
9,550	9,600	251
9,600	9,650	253
9,650	9,700	255
9,700	9,750	257

## If line 38 of form IA1040 is:

Over	But Not Over	Your Tax Is
9,750	9,800	260
9,800	9,850	262
9,850	9,900	264
9,900	9,950	266
9,950	10,000	269
10,000	10,050	271
10,050	10,100	273
10,100	10,150	275
10,150	10,200	278
10,200	10,250	280
10,250	10,300	282
10,300	10,350	284
10,350	10,400	287
10,400	10,450	289
10,450	10,500	291
10,500	10,550	293
10,550	10,600	296
10,600	10,650	298
10,650	10,700	300
10,700	10,750	302
10,750	10,800	305
10,800	10,850	307
10,850	10,900	309
10,900	10,950	311
10,950	11,000	314
11,000	11,050	316
11,050	11,100	318
11,100	11,150	320
11,150	11,200	323
11,200	11,250	325
11,250	11,300	327
11,300	11,350	329
11,350	11,400	332
11,400	11,450	334
11,450	11,500	336
11,500	11,550	338
11,550	11,600	341
11,600	11,650	343
11,650	11,700	345
11,700	11,750	347
11,750	11,800	350
11,800	11,850	352
11,850	11,900	354
11,900	11,950	356
11,950	12,000	359
12,000	12,050	361
12,050	12,100	363
12,100	12,150	365
12,150	12,200	368
12,200	12,250	370
12,250	12,300	372
12,300	12,350	374
12,350	12,400	377
12,400	12,450	379
12,450	12,500	381
12,500	12,550	383
12,550	12,600	386
12,600	12,650	388
12,650	12,700	390
12,700	12,750	392
12,750	12,800	395
12,800	12,850	397
12,850	12,900	399
12,900	12,950	401
12,950	13,000	404
13,000	13,050	406
13,050	13,100	408
13,100	13,150	410
13,150	13,200	413
13,200	13,250	415
13,250	13,300	417
13,300	13,350	419
13,350	13,400	422
13,400	13,450	424
13,450	13,500	427
13,500	13,550	430

## If line 38 of form IA1040 is:

Over	But Not Over	Your Tax Is
13,550	13,600	433
13,600	13,650	436
13,650	13,700	439
13,700	13,750	442
13,750	13,800	445
13,800	13,850	448
13,850	13,900	451
13,900	13,950	454
13,950	14,000	457
14,000	14,050	460
14,050	14,100	463
14,100	14,150	466
14,150	14,200	470
14,200	14,250	473
14,250	14,300	476
14,300	14,350	479
14,350	14,400	482
14,400	14,450	485
14,450	14,500	488
14,500	14,550	491
14,550	14,600	494
14,600	14,650	497
14,650	14,700	500
14,700	14,750	503
14,750	14,800	506
14,800	14,850	509
14,850	14,900	512
14,900	14,950	515
14,950	15,000	518
15,000	15,050	522
15,050	15,100	525
15,100	15,150	528
15,150	15,200	531
15,200	15,250	534
15,250	15,300	537
15,300	15,350	540
15,350	15,400	543
15,400	15,450	546
15,450	15,500	549
15,500	15,550	552
15,550	15,600	555
15,600	15,650	558
15,650	15,700	561
15,700	15,750	564
15,750	15,800	567
15,800	15,850	570
15,850	15,900	574
15,900	15,950	577
15,950	16,000	580
16,000	16,050	583
16,050	16,100	586
16,100	16,150	589
16,150	16,200	592
16,200	16,250	595
16,250	16,300	598
16,300	16,350	601
16,350	16,400	604
16,400	16,450	607
16,450	16,500	610
16,500	16,550	613
16,550	16,600	616
16,600	16,650	619
16,650	16,700	623
16,700	16,750	626
16,750	16,800	629
16,800	16,850	632
16,850	16,900	635
16,900	16,950	638
16,950	17,000	641
17,000	17,050	644
17,050	17,100	647
17,100	17,150	650
17,150	17,200	653
17,200	17,250	656
17,250	17,300	659
17,300	17,350	662

## If line 38 of form IA1040 is:

Over	But Not Over	Your Tax Is
17,350	17,400	665
17,400	17,450	668
17,450	17,500	671
17,500	17,550	675
17,550	17,600	678
17,600	17,650	681
17,650	17,700	684
17,700	17,750	687
17,750	17,800	690
17,800	17,850	693
17,850	17,900	696
17,900	17,950	699
17,950	18,000	702
18,000	18,050	705
18,050	18,100	708
18,100	18,150	711
18,150	18,200	714
18,200	18,250	717
18,250	18,300	720
18,300	18,350	723
18,350	18,400	727
18,400	18,450	730
18,450	18,500	733
18,500	18,550	736
18,550	18,600	739
18,600	18,650	742
18,650	18,700	745
18,700	18,750	748
18,750	18,800	751
18,800	18,850	754
18,850	18,900	757
18,900	18,950	760
18,950	19,000	763
19,000	19,050	766
19,050	19,100	769
19,100	19,150	772
19,150	19,200	776
19,200	19,250	779
19,250	19,300	782
19,300	19,350	785
19,350	19,400	788
19,400	19,450	791
19,450	19,500	794
19,500	19,550	797
19,550	19,600	800
19,600	19,650	803
19,650	19,700	806
19,700	19,750	809
19,750	19,800	812
19,800	19,850	815
19,850	19,900	818
19,900	19,950	821
19,950	20,000	824
20,000	20,050	828
20,050	20,100	831
20,100	20,150	834
20,150	20,200	837
20,200	20,250	840
20,250	20,300	843
20,300	20,350	846
20,350	20,400	849
20,400	20,450	852
20,450	20,500	855
20,500	20,550	858
20,550	20,600	861
20,600	20,650	864
20,650	20,700	867
20,700	20,750	870
20,750	20,800	873
20,800	20,850	876
20,850	20,900	880
20,900	20,950	883
20,950	21,000	886
21,000	21,050	889
21,050	21,100	892
21,100	21,150	895

# 2013 IA1040 TAX TABLES For All Filing Statuses

To find your tax: Read down the left column until you find the range for your Iowa taxable income from line 38 on form IA1040.  
Read across to the column marked "Your Tax Is." Enter the amount on line 39.

## If line 38 of form IA1040 is:

Over	But Not Over	Your Tax Is
21,150	21,200	898
21,200	21,250	901
21,250	21,300	904
21,300	21,350	907
21,350	21,400	910
21,400	21,450	913
21,450	21,500	916
21,500	21,550	919
21,550	21,600	922
21,600	21,650	925
21,650	21,700	929
21,700	21,750	932
21,750	21,800	935
21,800	21,850	938
21,850	21,900	941
21,900	21,950	944
21,950	22,000	947
22,000	22,050	950
22,050	22,100	953
22,100	22,150	956
22,150	22,200	959
22,200	22,250	962
22,250	22,300	965
22,300	22,350	968
22,350	22,400	971
22,400	22,450	974
22,450	22,500	978
22,500	22,550	981
22,550	22,600	984
22,600	22,650	987
22,650	22,700	991
22,700	22,750	994
22,750	22,800	997
22,800	22,850	1,000
22,850	22,900	1,004
22,900	22,950	1,007
22,950	23,000	1,010
23,000	23,050	1,013
23,050	23,100	1,017
23,100	23,150	1,020
23,150	23,200	1,023
23,200	23,250	1,026
23,250	23,300	1,030
23,300	23,350	1,033
23,350	23,400	1,036
23,400	23,450	1,039
23,450	23,500	1,043
23,500	23,550	1,046
23,550	23,600	1,049
23,600	23,650	1,052
23,650	23,700	1,055
23,700	23,750	1,059
23,750	23,800	1,062
23,800	23,850	1,065
23,850	23,900	1,068
23,900	23,950	1,072
23,950	24,000	1,075
24,000	24,050	1,078
24,050	24,100	1,081
24,100	24,150	1,085
24,150	24,200	1,088
24,200	24,250	1,091
24,250	24,300	1,094
24,300	24,350	1,098
24,350	24,400	1,101
24,400	24,450	1,104
24,450	24,500	1,107
24,500	24,550	1,111
24,550	24,600	1,114
24,600	24,650	1,117
24,650	24,700	1,120
24,700	24,750	1,124
24,750	24,800	1,127
24,800	24,850	1,130
24,850	24,900	1,133
24,900	24,950	1,136

## If line 38 of form IA1040 is:

Over	But Not Over	Your Tax Is
24,950	25,000	1,140
25,000	25,050	1,143
25,050	25,100	1,146
25,100	25,150	1,149
25,150	25,200	1,153
25,200	25,250	1,156
25,250	25,300	1,159
25,300	25,350	1,162
25,350	25,400	1,166
25,400	25,450	1,169
25,450	25,500	1,172
25,500	25,550	1,175
25,550	25,600	1,179
25,600	25,650	1,182
25,650	25,700	1,185
25,700	25,750	1,188
25,750	25,800	1,192
25,800	25,850	1,195
25,850	25,900	1,198
25,900	25,950	1,201
25,950	26,000	1,205
26,000	26,050	1,208
26,050	26,100	1,211
26,100	26,150	1,214
26,150	26,200	1,217
26,200	26,250	1,221
26,250	26,300	1,224
26,300	26,350	1,227
26,350	26,400	1,230
26,400	26,450	1,234
26,450	26,500	1,237
26,500	26,550	1,240
26,550	26,600	1,243
26,600	26,650	1,247
26,650	26,700	1,250
26,700	26,750	1,253
26,750	26,800	1,256
26,800	26,850	1,260
26,850	26,900	1,263
26,900	26,950	1,266
26,950	27,000	1,269
27,000	27,050	1,273
27,050	27,100	1,276
27,100	27,150	1,279
27,150	27,200	1,282
27,200	27,250	1,286
27,250	27,300	1,289
27,300	27,350	1,292
27,350	27,400	1,295
27,400	27,450	1,298
27,450	27,500	1,302
27,500	27,550	1,305
27,550	27,600	1,308
27,600	27,650	1,311
27,650	27,700	1,315
27,700	27,750	1,318
27,750	27,800	1,321
27,800	27,850	1,324
27,850	27,900	1,328
27,900	27,950	1,331
27,950	28,000	1,334
28,000	28,050	1,337
28,050	28,100	1,341
28,100	28,150	1,344
28,150	28,200	1,347
28,200	28,250	1,350
28,250	28,300	1,354
28,300	28,350	1,357
28,350	28,400	1,360
28,400	28,450	1,363
28,450	28,500	1,367
28,500	28,550	1,370
28,550	28,600	1,373
28,600	28,650	1,376
28,650	28,700	1,379
28,700	28,750	1,383

## If line 38 of form IA1040 is:

Over	But Not Over	Your Tax Is
28,750	28,800	1,386
28,800	28,850	1,389
28,850	28,900	1,392
28,900	28,950	1,396
28,950	29,000	1,399
29,000	29,050	1,402
29,050	29,100	1,405
29,100	29,150	1,409
29,150	29,200	1,412
29,200	29,250	1,415
29,250	29,300	1,418
29,300	29,350	1,422
29,350	29,400	1,425
29,400	29,450	1,428
29,450	29,500	1,431
29,500	29,550	1,435
29,550	29,600	1,438
29,600	29,650	1,441
29,650	29,700	1,444
29,700	29,750	1,448
29,750	29,800	1,451
29,800	29,850	1,454
29,850	29,900	1,457
29,900	29,950	1,461
29,950	30,000	1,464
30,000	30,050	1,467
30,050	30,100	1,471
30,100	30,150	1,474
30,150	30,200	1,478
30,200	30,250	1,481
30,250	30,300	1,484
30,300	30,350	1,488
30,350	30,400	1,491
30,400	30,450	1,495
30,450	30,500	1,498
30,500	30,550	1,501
30,550	30,600	1,505
30,600	30,650	1,508
30,650	30,700	1,512
30,700	30,750	1,515
30,750	30,800	1,518
30,800	30,850	1,522
30,850	30,900	1,525
30,900	30,950	1,529
30,950	31,000	1,532
31,000	31,050	1,535
31,050	31,100	1,539
31,100	31,150	1,542
31,150	31,200	1,546
31,200	31,250	1,549
31,250	31,300	1,552
31,300	31,350	1,556
31,350	31,400	1,559
31,400	31,450	1,563
31,450	31,500	1,566
31,500	31,550	1,569
31,550	31,600	1,573
31,600	31,650	1,576
31,650	31,700	1,580
31,700	31,750	1,583
31,750	31,800	1,586
31,800	31,850	1,590
31,850	31,900	1,593
31,900	31,950	1,597
31,950	32,000	1,600
32,000	32,050	1,603
32,050	32,100	1,607
32,100	32,150	1,610
32,150	32,200	1,614
32,200	32,250	1,617
32,250	32,300	1,620
32,300	32,350	1,624
32,350	32,400	1,627
32,400	32,450	1,631
32,450	32,500	1,634
32,500	32,550	1,637

## If line 38 of form IA1040 is:

Over	But Not Over	Your Tax Is
32,550	32,600	1,641
32,600	32,650	1,644
32,650	32,700	1,648
32,700	32,750	1,651
32,750	32,800	1,654
32,800	32,850	1,658
32,850	32,900	1,661
32,900	32,950	1,665
32,950	33,000	1,668
33,000	33,050	1,671
33,050	33,100	1,675
33,100	33,150	1,678
33,150	33,200	1,682
33,200	33,250	1,685
33,250	33,300	1,688
33,300	33,350	1,692
33,350	33,400	1,695
33,400	33,450	1,699
33,450	33,500	1,702
33,500	33,550	1,705
33,550	33,600	1,709
33,600	33,650	1,712
33,650	33,700	1,716
33,700	33,750	1,719
33,750	33,800	1,722
33,800	33,850	1,726
33,850	33,900	1,729
33,900	33,950	1,733
33,950	34,000	1,736
34,000	34,050	1,739
34,050	34,100	1,743
34,100	34,150	1,746
34,150	34,200	1,750
34,200	34,250	1,753
34,250	34,300	1,757
34,300	34,350	1,760
34,350	34,400	1,764
34,400	34,450	1,767
34,450	34,500	1,771
34,500	34,550	1,774
34,550	34,600	1,777
34,600	34,650	1,781
34,650	34,700	1,784
34,700	34,750	1,787
34,750	34,800	1,791
34,800	34,850	1,794
34,850	34,900	1,798
34,900	34,950	1,801
34,950	35,000	1,805
35,000	35,050	1,808
35,050	35,100	1,812
35,100	35,150	1,815
35,150	35,200	1,819
35,200	35,250	1,822
35,250	35,300	1,826
35,300	35,350	1,829
35,350	35,400	1,833
35,400	35,450	1,836
35,450	35,500	1,840
35,500	35,550	1,843
35,550	35,600	1,847
35,600	35,650	1,850
35,650	35,700	1,854
35,700	35,750	1,857
35,750	35,800	1,861
35,800	35,850	1,864
35,850	35,900	1,868
35,900	35,950	1,871
35,950	36,000	1,875
36,000	36,050	1,878
36,050	36,100	1,882
36,100	36,150	1,885
36,150	36,200	1,889
36,200	36,250	1,892
36,250	36,300	1,896
36,300	36,350	1,899

# 2013 IA1040 TAX TABLES For All Filing Statuses

To find your tax: Read down the left column until you find the range for your Iowa taxable income from line 38 on form IA1040.  
Read across to the column marked "Your Tax Is." Enter the amount on line 39.

## If line 38 of form IA1040 is:

Over	But Not Over	Your Tax Is
40,150	40,200	2,158
40,200	40,250	2,161
40,250	40,300	2,164
40,300	40,350	2,168
40,350	40,400	2,171
40,400	40,450	2,175
40,450	40,500	2,178
40,500	40,550	2,181
40,550	40,600	2,185
40,600	40,650	2,188
40,650	40,700	2,192
40,700	40,750	2,195
40,750	40,800	2,198
40,800	40,850	2,202
40,850	40,900	2,205
40,900	40,950	2,209
40,950	41,000	2,212
41,000	41,050	2,215
41,050	41,100	2,219
41,100	41,150	2,222
41,150	41,200	2,226
41,200	41,250	2,229
41,250	41,300	2,232
41,300	41,350	2,236
41,350	41,400	2,239
41,400	41,450	2,243
41,450	41,500	2,246
41,500	41,550	2,249
41,550	41,600	2,253
41,600	41,650	2,256
41,650	41,700	2,260
41,700	41,750	2,263
41,750	41,800	2,266
41,800	41,850	2,270
41,850	41,900	2,273
41,900	41,950	2,277
41,950	42,000	2,280
42,000	42,050	2,283
42,050	42,100	2,287
42,100	42,150	2,290
42,150	42,200	2,294
42,200	42,250	2,297
42,250	42,300	2,300
42,300	42,350	2,304
42,350	42,400	2,307
42,400	42,450	2,311
42,450	42,500	2,314
42,500	42,550	2,317
42,550	42,600	2,321
42,600	42,650	2,324
42,650	42,700	2,328
42,700	42,750	2,331
42,750	42,800	2,334
42,800	42,850	2,338
42,850	42,900	2,341
42,900	42,950	2,345
42,950	43,000	2,348
43,000	43,050	2,351
43,050	43,100	2,355
43,100	43,150	2,358
43,150	43,200	2,362
43,200	43,250	2,365
43,250	43,300	2,368
43,300	43,350	2,372
43,350	43,400	2,375
43,400	43,450	2,379
43,450	43,500	2,382
43,500	43,550	2,385
43,550	43,600	2,389
43,600	43,650	2,392
43,650	43,700	2,396
43,700	43,750	2,399
43,750	43,800	2,402
43,800	43,850	2,406
43,850	43,900	2,409
43,900	43,950	2,413

## If line 38 of form IA1040 is:

Over	But Not Over	Your Tax Is
43,950	44,000	2,416
44,000	44,050	2,419
44,050	44,100	2,423
44,100	44,150	2,426
44,150	44,200	2,430
44,200	44,250	2,433
44,250	44,300	2,436
44,300	44,350	2,440
44,350	44,400	2,443
44,400	44,450	2,447
44,450	44,500	2,450
44,500	44,550	2,453
44,550	44,600	2,457
44,600	44,650	2,460
44,650	44,700	2,464
44,700	44,750	2,467
44,750	44,800	2,470
44,800	44,850	2,474
44,850	44,900	2,478
44,900	44,950	2,482
44,950	45,000	2,486
45,000	45,050	2,490
45,050	45,100	2,494
45,100	45,150	2,498
45,150	45,200	2,502
45,200	45,250	2,506
45,250	45,300	2,510
45,300	45,350	2,513
45,350	45,400	2,517
45,400	45,450	2,521
45,450	45,500	2,525
45,500	45,550	2,529
45,550	45,600	2,533
45,600	45,650	2,537
45,650	45,700	2,541
45,700	45,750	2,545
45,750	45,800	2,549
45,800	45,850	2,553
45,850	45,900	2,557
45,900	45,950	2,561
45,950	46,000	2,565
46,000	46,050	2,569
46,050	46,100	2,573
46,100	46,150	2,577
46,150	46,200	2,581
46,200	46,250	2,585
46,250	46,300	2,589
46,300	46,350	2,593
46,350	46,400	2,597
46,400	46,450	2,601
46,450	46,500	2,605
46,500	46,550	2,609
46,550	46,600	2,612
46,600	46,650	2,616
46,650	46,700	2,620
46,700	46,750	2,624
46,750	46,800	2,628
46,800	46,850	2,632
46,850	46,900	2,636
46,900	46,950	2,640
46,950	47,000	2,644
47,000	47,050	2,648
47,050	47,100	2,652
47,100	47,150	2,656
47,150	47,200	2,660
47,200	47,250	2,664
47,250	47,300	2,668
47,300	47,350	2,672
47,350	47,400	2,676
47,400	47,450	2,680
47,450	47,500	2,684
47,500	47,550	2,688
47,550	47,600	2,692
47,600	47,650	2,696
47,650	47,700	2,700
47,700	47,750	2,704

## If line 38 of form IA1040 is:

Over	But Not Over	Your Tax Is
47,750	47,800	2,708
47,800	47,850	2,711
47,850	47,900	2,715
47,900	47,950	2,719
47,950	48,000	2,723
48,000	48,050	2,727
48,050	48,100	2,731
48,100	48,150	2,735
48,150	48,200	2,739
48,200	48,250	2,743
48,250	48,300	2,747
48,300	48,350	2,751
48,350	48,400	2,755
48,400	48,450	2,759
48,450	48,500	2,763
48,500	48,550	2,767
48,550	48,600	2,771
48,600	48,650	2,775
48,650	48,700	2,779
48,700	48,750	2,783
48,750	48,800	2,787
48,800	48,850	2,791
48,850	48,900	2,795
48,900	48,950	2,799
48,950	49,000	2,803
49,000	49,050	2,807
49,050	49,100	2,810
49,100	49,150	2,814
49,150	49,200	2,818
49,200	49,250	2,822
49,250	49,300	2,826
49,300	49,350	2,830
49,350	49,400	2,834
49,400	49,450	2,838
49,450	49,500	2,842
49,500	49,550	2,846
49,550	49,600	2,850
49,600	49,650	2,854
49,650	49,700	2,858
49,700	49,750	2,862
49,750	49,800	2,866
49,800	49,850	2,870
49,850	49,900	2,874
49,900	49,950	2,878
49,950	50,000	2,882
50,000	50,050	2,886
50,050	50,100	2,890
50,100	50,150	2,894
50,150	50,200	2,898
50,200	50,250	2,902
50,250	50,300	2,906
50,300	50,350	2,909
50,350	50,400	2,913
50,400	50,450	2,917
50,450	50,500	2,921
50,500	50,550	2,925
50,550	50,600	2,929
50,600	50,650	2,933
50,650	50,700	2,937
50,700	50,750	2,941
50,750	50,800	2,945
50,800	50,850	2,949
50,850	50,900	2,953
50,900	50,950	2,957
50,950	51,000	2,961
51,000	51,050	2,965
51,050	51,100	2,969
51,100	51,150	2,973
51,150	51,200	2,977
51,200	51,250	2,981
51,250	51,300	2,985
51,300	51,350	2,989
51,350	51,400	2,993
51,400	51,450	2,997
51,450	51,500	3,001
51,500	51,550	3,005

## If line 38 of form IA1040 is:

Over	But Not Over	Your Tax Is
51,550	51,600	3,008
51,600	51,650	3,012
51,650	51,700	3,016
51,700	51,750	3,020
51,750	51,800	3,024
51,800	51,850	3,028
51,850	51,900	3,032
51,900	51,950	3,036
51,950	52,000	3,040
52,000	52,050	3,044
52,050	52,100	3,048
52,100	52,150	3,052
52,150	52,200	3,056
52,200	52,250	3,060
52,250	52,300	3,064
52,300	52,350	3,068
52,350	52,400	3,072
52,400	52,450	3,076
52,450	52,500	3,080
52,500	52,550	3,084
52,550	52,600	3,088
52,600	52,650	3,092
52,650	52,700	3,096
52,700	52,750	3,100
52,750	52,800	3,104
52,800	52,850	3,107
52,850	52,900	3,111
52,900	52,950	3,115
52,950	53,000	3,119
53,000	53,050	3,123
53,050	53,100	3,127
53,100	53,150	3,131
53,150	53,200	3,135
53,200	53,250	3,139
53,250	53,300	3,143
53,300	53,350	3,147
53,350	53,400	3,151
53,400	53,450	3,155
53,450	53,500	3,159
53,500	53,550	3,163
53,550	53,600	3,167
53,600	53,650	3,171
53,650	53,700	3,175
53,700	53,750	3,179
53,750	53,800	3,183
53,800	53,850	3,187
53,850	53,900	3,191
53,900	53,950	3,195
53,950	54,000	3,199
54,000	54,050	3,203
54,050	54,100	3,206
54,100	54,150	3,210
54,150	54,200	3,214
54,200	54,250	3,218
54,250	54,300	3,222
54,300	54,350	3,226
54,350	54,400	3,230
54,400	54,450	3,234
54,450	54,500	3,238
54,500	54,550	3,242
54,550	54,600	3,246
54,600	54,650	3,250
54,650	54,700	3,254
54,700	54,750	3,258
54,750	54,800	3,262
54,800	54,850	3,266
54,850	54,900	3,270
54,900	54,950	3,274
54,950	55,000	3,278
55,000	55,050	3,282
55,050	55,100	3,286
55,100	55,150	3,290
55,150	55,200	3,294
55,200	55,250	3,298
55,250	55,300	3,302
55,300	55,350	3,305

## If line 38 of form IA1040 is:

Over	But Not Over	Your Tax Is
55,350	55,400	3,309
55,400	55,450	3,313
55,450	55,500	3,317
55,500	55,550	3,321
55,550	55,600	3,325
55,600	55,650	3,329
55,650	55,700	3,333
55,700	55,750	3,337
55,750	55,800	3,341
55,800	55,850	3,345
55,850	55,900	3,349
55,900	55,950	3,353
55,950	56,000	3,357
56,000	56,050	3,361
56,050	56,100	3,365
56,100	56,150	3,369
56,150	56,200	3,373
56,200	56,250	3,377
56,250	56,300	3,381
56,300	56,350	3,385
56,350	56,400	3,389
56,400	56,450	3,393
56,450	56,500	3,397
56,500	56,550	3,401
56,550	56,600	3,404
56,600	56,650	3,408
56,650	56,700	3,412
56,700	56,750	3,416
56,750	56,800	3,420
56,800	56,850	3,424
56,850	56,900	3,428
56,900	56,950	3,432
56,950	57,000	3,436
57,000	57,050	3,440
57,050	57,100	3,444
57,100	57,150	3,448
57,150	57,200	3,452
57,200	57,250	3,456
57,250	57,300	3,460
57,300	57,350	3,464
57,350	57,400	3,468
57,400	57,450	3,472
57,450	57,500	3,476
57,500	57,550	3,480
57,550	57,600	3,484
57,600	57,650	3,488
57,650	57,700	3,492
57,700	57,750	3,496
57,750	57,800	3,500
57,800	57,850	3,503
57,850	57,900	3,507
57,900	57,950	3,511
57,950	58,000	3,515
58,000	58,050	3,519
58,050	58,100	3,523
58,100	58,150	3,527
58,150	58,200	3,531
58,200	58,250	3,535
58,250	58,300	3,539
58,300	58,350	3,543
58,350	58,400	3,547
58,400	58,450	3,551
58,450	58,500	3,555
58,500	58,550	3,559
58,550	58,600	3,563
58,600	58,650	3,567
58,650	58,700	3,571
58,700	58,750	3,575
58,750	58,800	3,579
58,800	58,850	3,583
58,850	58,900	3,587
58,900	58,950	3,591
58,950	59,000	3,595
59,000	59,050	3,599
59,050	59,100	3,602
59,100	59,150	3,606



# 2013 IA1040 TAX TABLES For All Filing Statuses

To find your tax: Read down the left column until you find the range for your Iowa taxable income from line 38 on form IA1040.  
Read across to the column marked "Your Tax Is." Enter the amount on line 39.

## If line 38 of form IA1040 is:

Over	But Not Over	Your Tax Is
59,150	59,200	3,610
59,200	59,250	3,614
59,250	59,300	3,618
59,300	59,350	3,622
59,350	59,400	3,626
59,400	59,450	3,630
59,450	59,500	3,634
59,500	59,550	3,638
59,550	59,600	3,642
59,600	59,650	3,646
59,650	59,700	3,650
59,700	59,750	3,654
59,750	59,800	3,658
59,800	59,850	3,662
59,850	59,900	3,666
59,900	59,950	3,670
59,950	60,000	3,674
60,000	60,050	3,678
60,050	60,100	3,682
60,100	60,150	3,686
60,150	60,200	3,690
60,200	60,250	3,694
60,250	60,300	3,698
60,300	60,350	3,701
60,350	60,400	3,705
60,400	60,450	3,709
60,450	60,500	3,713
60,500	60,550	3,717
60,550	60,600	3,721
60,600	60,650	3,725
60,650	60,700	3,729
60,700	60,750	3,733
60,750	60,800	3,737
60,800	60,850	3,741
60,850	60,900	3,745
60,900	60,950	3,749
60,950	61,000	3,753
61,000	61,050	3,757
61,050	61,100	3,761
61,100	61,150	3,765
61,150	61,200	3,769
61,200	61,250	3,773
61,250	61,300	3,777
61,300	61,350	3,781
61,350	61,400	3,785
61,400	61,450	3,789
61,450	61,500	3,793
61,500	61,550	3,797
61,550	61,600	3,800
61,600	61,650	3,804
61,650	61,700	3,808
61,700	61,750	3,812
61,750	61,800	3,816
61,800	61,850	3,820
61,850	61,900	3,824
61,900	61,950	3,828
61,950	62,000	3,832
62,000	62,050	3,836
62,050	62,100	3,840
62,100	62,150	3,844
62,150	62,200	3,848
62,200	62,250	3,852
62,250	62,300	3,856
62,300	62,350	3,860
62,350	62,400	3,864
62,400	62,450	3,868
62,450	62,500	3,872
62,500	62,550	3,876
62,550	62,600	3,880
62,600	62,650	3,884
62,650	62,700	3,888
62,700	62,750	3,892
62,750	62,800	3,896
62,800	62,850	3,899
62,850	62,900	3,903
62,900	62,950	3,907

## If line 38 of form IA1040 is:

Over	But Not Over	Your Tax Is
62,950	63,000	3,911
63,000	63,050	3,915
63,050	63,100	3,919
63,100	63,150	3,923
63,150	63,200	3,927
63,200	63,250	3,931
63,250	63,300	3,935
63,300	63,350	3,939
63,350	63,400	3,943
63,400	63,450	3,947
63,450	63,500	3,951
63,500	63,550	3,955
63,550	63,600	3,959
63,600	63,650	3,963
63,650	63,700	3,967
63,700	63,750	3,971
63,750	63,800	3,975
63,800	63,850	3,979
63,850	63,900	3,983
63,900	63,950	3,987
63,950	64,000	3,991
64,000	64,050	3,995
64,050	64,100	3,998
64,100	64,150	4,002
64,150	64,200	4,006
64,200	64,250	4,010
64,250	64,300	4,014
64,300	64,350	4,018
64,350	64,400	4,022
64,400	64,450	4,026
64,450	64,500	4,030
64,500	64,550	4,034
64,550	64,600	4,038
64,600	64,650	4,042
64,650	64,700	4,046
64,700	64,750	4,050
64,750	64,800	4,054
64,800	64,850	4,058
64,850	64,900	4,062
64,900	64,950	4,066
64,950	65,000	4,070
65,000	65,050	4,074
65,050	65,100	4,078
65,100	65,150	4,082
65,150	65,200	4,086
65,200	65,250	4,090
65,250	65,300	4,094
65,300	65,350	4,097
65,350	65,400	4,101
65,400	65,450	4,105
65,450	65,500	4,109
65,500	65,550	4,113
65,550	65,600	4,117
65,600	65,650	4,121
65,650	65,700	4,125
65,700	65,750	4,129
65,750	65,800	4,133
65,800	65,850	4,137
65,850	65,900	4,141
65,900	65,950	4,145
65,950	66,000	4,149
66,000	66,050	4,153
66,050	66,100	4,157
66,100	66,150	4,161
66,150	66,200	4,165
66,200	66,250	4,169
66,250	66,300	4,173
66,300	66,350	4,177
66,350	66,400	4,181
66,400	66,450	4,185
66,450	66,500	4,189
66,500	66,550	4,193
66,550	66,600	4,196
66,600	66,650	4,200
66,650	66,700	4,204
66,700	66,750	4,208

## If line 38 of form IA1040 is:

Over	But Not Over	Your Tax Is
66,750	66,800	4,212
66,800	66,850	4,216
66,850	66,900	4,220
66,900	66,950	4,224
66,950	67,000	4,228
67,000	67,050	4,232
67,050	67,100	4,236
67,100	67,150	4,240
67,150	67,200	4,244
67,200	67,250	4,248
67,250	67,300	4,252
67,300	67,350	4,257
67,350	67,400	4,261
67,400	67,450	4,266
67,450	67,500	4,270
67,500	67,550	4,275
67,550	67,600	4,279
67,600	67,650	4,284
67,650	67,700	4,288
67,700	67,750	4,293
67,750	67,800	4,297
67,800	67,850	4,302
67,850	67,900	4,306
67,900	67,950	4,311
67,950	68,000	4,315
68,000	68,050	4,320
68,050	68,100	4,324
68,100	68,150	4,329
68,150	68,200	4,333
68,200	68,250	4,338
68,250	68,300	4,342
68,300	68,350	4,347
68,350	68,400	4,351
68,400	68,450	4,356
68,450	68,500	4,360
68,500	68,550	4,365
68,550	68,600	4,369
68,600	68,650	4,374
68,650	68,700	4,378
68,700	68,750	4,383
68,750	68,800	4,387
68,800	68,850	4,392
68,850	68,900	4,396
68,900	68,950	4,401
68,950	69,000	4,405
69,000	69,050	4,410
69,050	69,100	4,414
69,100	69,150	4,419
69,150	69,200	4,423
69,200	69,250	4,428
69,250	69,300	4,432
69,300	69,350	4,436
69,350	69,400	4,441
69,400	69,450	4,445
69,450	69,500	4,450
69,500	69,550	4,454
69,550	69,600	4,459
69,600	69,650	4,463
69,650	69,700	4,468
69,700	69,750	4,472
69,750	69,800	4,477
69,800	69,850	4,481
69,850	69,900	4,486
69,900	69,950	4,490
69,950	70,000	4,495
70,000	70,050	4,499
70,050	70,100	4,504
70,100	70,150	4,508
70,150	70,200	4,513
70,200	70,250	4,517
70,250	70,300	4,522
70,300	70,350	4,526
70,350	70,400	4,531
70,400	70,450	4,535
70,450	70,500	4,540
70,500	70,550	4,544

## If line 38 of form IA1040 is:

Over	But Not Over	Your Tax Is
70,550	70,600	4,549
70,600	70,650	4,553
70,650	70,700	4,558
70,700	70,750	4,562
70,750	70,800	4,567
70,800	70,850	4,571
70,850	70,900	4,576
70,900	70,950	4,580
70,950	71,000	4,585
71,000	71,050	4,589
71,050	71,100	4,594
71,100	71,150	4,598
71,150	71,200	4,603
71,200	71,250	4,607
71,250	71,300	4,612
71,300	71,350	4,616
71,350	71,400	4,621
71,400	71,450	4,625
71,450	71,500	4,630
71,500	71,550	4,634
71,550	71,600	4,639
71,600	71,650	4,643
71,650	71,700	4,648
71,700	71,750	4,652
71,750	71,800	4,656
71,800	71,850	4,661
71,850	71,900	4,665
71,900	71,950	4,670
71,950	72,000	4,674
72,000	72,050	4,679
72,050	72,100	4,683
72,100	72,150	4,688
72,150	72,200	4,692
72,200	72,250	4,697
72,250	72,300	4,701
72,300	72,350	4,706
72,350	72,400	4,710
72,400	72,450	4,715
72,450	72,500	4,719
72,500	72,550	4,724
72,550	72,600	4,728
72,600	72,650	4,733
72,650	72,700	4,737
72,700	72,750	4,742
72,750	72,800	4,746
72,800	72,850	4,751
72,850	72,900	4,755
72,900	72,950	4,760
72,950	73,000	4,764
73,000	73,050	4,769
73,050	73,100	4,773
73,100	73,150	4,778
73,150	73,200	4,782
73,200	73,250	4,787
73,250	73,300	4,791
73,300	73,350	4,796
73,350	73,400	4,800
73,400	73,450	4,805
73,450	73,500	4,809
73,500	73,550	4,814
73,550	73,600	4,818
73,600	73,650	4,823
73,650	73,700	4,827
73,700	73,750	4,832
73,750	73,800	4,836
73,800	73,850	4,841
73,850	73,900	4,845
73,900	73,950	4,850
73,950	74,000	4,854
74,000	74,050	4,859
74,050	74,100	4,863
74,100	74,150	4,868
74,150	74,200	4,872
74,200	74,250	4,877
74,250	74,300	4,881
74,300	74,350	4,885

## If line 38 of form IA1040 is:

Over	But Not Over	Your Tax Is
74,350	74,400	4,890
74,400	74,450	4,894
74,450	74,500	4,899
74,500	74,550	4,903
74,550	74,600	4,908
74,600	74,650	4,912
74,650	74,700	4,917
74,700	74,750	4,921
74,750	74,800	4,926
74,800	74,850	4,930
74,850	74,900	4,935
74,900	74,950	4,939
74,950	75,000	4,944
75,000	75,050	4,948
75,050	75,100	4,953
75,100	75,150	4,957
75,150	75,200	4,962
75,200	75,250	4,966
75,250	75,300	4,971
75,300	75,350	4,975
75,350	75,400	4,980
75,400	75,450	4,984
75,450	75,500	4,989
75,500	75,550	4,993
75,550	75,600	4,998
75,600	75,650	5,002
75,650	75,700	5,007
75,700	75,750	5,011
75,750	75,800	5,016
75,800	75,850	5,020
75,850	75,900	5,025
75,900	75,950	5,029
75,950	76,000	5,034
76,000	76,050	5,038
76,050	76,100	5,043
76,100	76,150	5,047
76,150	76,200	5,052
76,200	76,250	5,056
76,250	76,300	5,061
76,300	76,350	5,065
76,350	76,400	5,070
76,400	76,450	5,074
76,450	76,500	5,079
76,500	76,550	5,083
76,550	76,600	5,088
76,600	76,650	5,092
76,650	76,700	5,097
76,700	76,750	5,101
76,750	76,800	5,105
76,800	76,850	5,110
76,850	76,900	5,114
76,900	76,950	5,119
76,950	77,000	5,123
77,000	77,050	5,128
77,050	77,100	5,132
77,100	77,150	5,137
77,150	77,200	5,141
77,200	77,250	5,146
77,250	77,300	5,150
77,300	77,350	5,155
77,350	77,400	5,159
77,400	77,450	5,164
77,450	77,500	5,168
77,500	77,550	5,173
77,550	77,600	5,177
77,600	77,650	5,182
77,650	77,700	5,186
77,700	77,750	5,191
77,750	77,800	5,195
77,800	77,850	5,200
77,850	77,900	5,204
77,900	77,950	5,209
77,950	78,000	5,213
78,000	78,050	5,218
78,050	78,100	5,222
78,100	78,150	5,227

# 2013 IA1040 TAX TABLES For All Filing Statuses

To find your tax: Read down the left column until you find the range for your Iowa taxable income from line 38 on form IA 1040.  
Read across to the column marked "Your Tax Is." Enter the amount on line 39.

## If line 38 of form IA1040 is:

Over	But Not Over	Your Tax Is
78,150	78,200	5,231
78,200	78,250	5,236
78,250	78,300	5,240
78,300	78,350	5,245
78,350	78,400	5,249
78,400	78,450	5,254
78,450	78,500	5,258
78,500	78,550	5,263
78,550	78,600	5,267
78,600	78,650	5,272
78,650	78,700	5,276
78,700	78,750	5,281
78,750	78,800	5,285
78,800	78,850	5,290
78,850	78,900	5,294
78,900	78,950	5,299
78,950	79,000	5,303
79,000	79,050	5,308
79,050	79,100	5,312
79,100	79,150	5,317
79,150	79,200	5,321
79,200	79,250	5,326
79,250	79,300	5,330
79,300	79,350	5,334
79,350	79,400	5,339
79,400	79,450	5,343
79,450	79,500	5,348
79,500	79,550	5,352
79,550	79,600	5,357
79,600	79,650	5,361
79,650	79,700	5,366
79,700	79,750	5,370
79,750	79,800	5,375
79,800	79,850	5,379
79,850	79,900	5,384
79,900	79,950	5,388
79,950	80,000	5,393
80,000	80,050	5,397
80,050	80,100	5,402
80,100	80,150	5,406
80,150	80,200	5,411
80,200	80,250	5,415
80,250	80,300	5,420
80,300	80,350	5,424
80,350	80,400	5,429
80,400	80,450	5,433
80,450	80,500	5,438
80,500	80,550	5,442
80,550	80,600	5,447
80,600	80,650	5,451
80,650	80,700	5,456
80,700	80,750	5,460
80,750	80,800	5,465
80,800	80,850	5,469
80,850	80,900	5,474
80,900	80,950	5,478
80,950	81,000	5,483
81,000	81,050	5,487
81,050	81,100	5,492
81,100	81,150	5,496
81,150	81,200	5,501
81,200	81,250	5,505
81,250	81,300	5,510
81,300	81,350	5,514
81,350	81,400	5,519
81,400	81,450	5,523
81,450	81,500	5,528
81,500	81,550	5,532
81,550	81,600	5,537
81,600	81,650	5,541
81,650	81,700	5,546
81,700	81,750	5,550
81,750	81,800	5,554
81,800	81,850	5,559
81,850	81,900	5,563
81,900	81,950	5,568

## If line 38 of form IA1040 is:

Over	But Not Over	Your Tax Is
81,950	82,000	5,572
82,000	82,050	5,577
82,050	82,100	5,581
82,100	82,150	5,586
82,150	82,200	5,590
82,200	82,250	5,595
82,250	82,300	5,599
82,300	82,350	5,604
82,350	82,400	5,608
82,400	82,450	5,613
82,450	82,500	5,617
82,500	82,550	5,622
82,550	82,600	5,626
82,600	82,650	5,631
82,650	82,700	5,635
82,700	82,750	5,640
82,750	82,800	5,644
82,800	82,850	5,649
82,850	82,900	5,653
82,900	82,950	5,658
82,950	83,000	5,662
83,000	83,050	5,667
83,050	83,100	5,671
83,100	83,150	5,676
83,150	83,200	5,680
83,200	83,250	5,685
83,250	83,300	5,689
83,300	83,350	5,694
83,350	83,400	5,698
83,400	83,450	5,703
83,450	83,500	5,707
83,500	83,550	5,712
83,550	83,600	5,716
83,600	83,650	5,721
83,650	83,700	5,725
83,700	83,750	5,730
83,750	83,800	5,734
83,800	83,850	5,739
83,850	83,900	5,743
83,900	83,950	5,748
83,950	84,000	5,752
84,000	84,050	5,757
84,050	84,100	5,761
84,100	84,150	5,766
84,150	84,200	5,770
84,200	84,250	5,775
84,250	84,300	5,779
84,300	84,350	5,783
84,350	84,400	5,788
84,400	84,450	5,792
84,450	84,500	5,797
84,500	84,550	5,801
84,550	84,600	5,806
84,600	84,650	5,810
84,650	84,700	5,815
84,700	84,750	5,819
84,750	84,800	5,824
84,800	84,850	5,828
84,850	84,900	5,833
84,900	84,950	5,837
84,950	85,000	5,842
85,000	85,050	5,846
85,050	85,100	5,851
85,100	85,150	5,855
85,150	85,200	5,860
85,200	85,250	5,864
85,250	85,300	5,869
85,300	85,350	5,873
85,350	85,400	5,878
85,400	85,450	5,882
85,450	85,500	5,887
85,500	85,550	5,891
85,550	85,600	5,896
85,600	85,650	5,900
85,650	85,700	5,905
85,700	85,750	5,909

## If line 38 of form IA1040 is:

Over	But Not Over	Your Tax Is
85,750	85,800	5,914
85,800	85,850	5,918
85,850	85,900	5,923
85,900	85,950	5,927
85,950	86,000	5,932
86,000	86,050	5,936
86,050	86,100	5,941
86,100	86,150	5,945
86,150	86,200	5,950
86,200	86,250	5,954
86,250	86,300	5,959
86,300	86,350	5,963
86,350	86,400	5,968
86,400	86,450	5,972
86,450	86,500	5,977
86,500	86,550	5,981
86,550	86,600	5,986
86,600	86,650	5,990
86,650	86,700	5,995
86,700	86,750	5,999
86,750	86,800	6,003
86,800	86,850	6,008
86,850	86,900	6,012
86,900	86,950	6,017
86,950	87,000	6,021
87,000	87,050	6,026
87,050	87,100	6,030
87,100	87,150	6,035
87,150	87,200	6,039
87,200	87,250	6,044
87,250	87,300	6,048
87,300	87,350	6,053
87,350	87,400	6,057
87,400	87,450	6,062
87,450	87,500	6,066
87,500	87,550	6,071
87,550	87,600	6,075
87,600	87,650	6,080
87,650	87,700	6,084
87,700	87,750	6,089
87,750	87,800	6,093
87,800	87,850	6,098
87,850	87,900	6,102
87,900	87,950	6,107
87,950	88,000	6,111
88,000	88,050	6,116
88,050	88,100	6,120
88,100	88,150	6,125
88,150	88,200	6,129
88,200	88,250	6,134
88,250	88,300	6,138
88,300	88,350	6,143
88,350	88,400	6,147
88,400	88,450	6,152
88,450	88,500	6,156
88,500	88,550	6,161
88,550	88,600	6,165
88,600	88,650	6,170
88,650	88,700	6,174
88,700	88,750	6,179
88,750	88,800	6,183
88,800	88,850	6,188
88,850	88,900	6,192
88,900	88,950	6,197
88,950	89,000	6,201
89,000	89,050	6,206
89,050	89,100	6,210
89,100	89,150	6,215
89,150	89,200	6,219
89,200	89,250	6,224
89,250	89,300	6,228
89,300	89,350	6,232
89,350	89,400	6,237
89,400	89,450	6,241
89,450	89,500	6,246
89,500	89,550	6,250

## If line 38 of form IA1040 is:

Over	But Not Over	Your Tax Is
89,550	89,600	6,255
89,600	89,650	6,259
89,650	89,700	6,264
89,700	89,750	6,268
89,750	89,800	6,273
89,800	89,850	6,277
89,850	89,900	6,282
89,900	89,950	6,286
89,950	90,000	6,291
90,000	90,050	6,295
90,050	90,100	6,300
90,100	90,150	6,304
90,150	90,200	6,309
90,200	90,250	6,313
90,250	90,300	6,318
90,300	90,350	6,322
90,350	90,400	6,327
90,400	90,450	6,331
90,450	90,500	6,336
90,500	90,550	6,340
90,550	90,600	6,345
90,600	90,650	6,349
90,650	90,700	6,354
90,700	90,750	6,358
90,750	90,800	6,363
90,800	90,850	6,367
90,850	90,900	6,372
90,900	90,950	6,376
90,950	91,000	6,381
91,000	91,050	6,385
91,050	91,100	6,390
91,100	91,150	6,394
91,150	91,200	6,399
91,200	91,250	6,403
91,250	91,300	6,408
91,300	91,350	6,412
91,350	91,400	6,417
91,400	91,450	6,421
91,450	91,500	6,426
91,500	91,550	6,430
91,550	91,600	6,435
91,600	91,650	6,439
91,650	91,700	6,444
91,700	91,750	6,448
91,750	91,800	6,452
91,800	91,850	6,457
91,850	91,900	6,461
91,900	91,950	6,466
91,950	92,000	6,470
92,000	92,050	6,475
92,050	92,100	6,479
92,100	92,150	6,484
92,150	92,200	6,488
92,200	92,250	6,493
92,250	92,300	6,497
92,300	92,350	6,502
92,350	92,400	6,506
92,400	92,450	6,511
92,450	92,500	6,515
92,500	92,550	6,520
92,550	92,600	6,524
92,600	92,650	6,529
92,650	92,700	6,533
92,700	92,750	6,538
92,750	92,800	6,542
92,800	92,850	6,547
92,850	92,900	6,551
92,900	92,950	6,556
92,950	93,000	6,560
93,000	93,050	6,565
93,050	93,100	6,569
93,100	93,150	6,574
93,150	93,200	6,578
93,200	93,250	6,583
93,250	93,300	6,587
93,300	93,350	6,592

## If line 38 of form IA1040 is:

Over	But Not Over	Your Tax Is
93,350	93,400	6,596
93,400	93,450	6,601
93,450	93,500	6,605
93,500	93,550	6,610
93,550	93,600	6,614
93,600	93,650	6,619
93,650	93,700	6,623
93,700	93,750	6,628
93,750	93,800	6,632
93,800	93,850	6,637
93,850	93,900	6,641
93,900	93,950	6,646
93,950	94,000	6,650
94,000	94,050	6,655
94,050	94,100	6,659
94,100	94,150	6,664
94,150	94,200	6,668
94,200	94,250	6,673
94,250	94,300	6,677
94,300	94,350	6,681
94,350	94,400	6,686
94,400	94,450	6,690
94,450	94,500	6,695
94,500	94,550	6,699
94,550	94,600	6,704
94,600	94,650	6,708
94,650	94,700	6,713
94,700	94,750	6,717
94,750	94,800	6,722
94,800	94,850	6,726
94,850	94,900	6,731
94,900	94,950	6,735
94,950	95,000	6,740
95,000	95,050	6,744
95,050	95,100	6,749
95,100	95,150	6,753
95,150	95,200	6,758
95,200	95,250	6,762
95,250	95,300	6,767
95,300	95,350	6,771
95,350	95,400	6,776
95,400	95,450	6,780
95,450	95,500	6,785
95,500	95,550	6,789

# IOWA COUNTIES, SCHOOL DISTRICT NUMBERS, SURTAX RATES FOR 2013

<b>01-ADAIR</b>		<b>11-BUENA VISTA</b>		<b>21-CLAY</b>		<b>30-DICKINSON</b>		<b>41-HANCOCK</b>	
0018 Adair-Casey .....	8%	0072 Albert City-Truesdale ..	0%	1218 Clay Central-Everly ....	5%	1218 Clay Central-Everly ....	5%	0594 Belmont-Klemme .....	0%
0914 CAM .....	10%	0171 Alta .....	9%	2556 Graettinger-Terril .....	2%	2124 Estherville-Lincoln		0819 West Hancock .....	9%
2673 Nodaway Valley .....	8%	0423 Aurelia .....	6%	2862 Hartley-Melvin-		Central .....	9%	1206 Clarion-Goldfield .....	8%
4978 Orient-Macksburg .....	15%	2376 Galva-Holstein .....	4%	Sanborn .....	7%	2556 Graettinger-Terril .....	2%	1449 Corwith-Wesley .....	18%
6264 West Central Valley ...	5%	3537 Laurens-Marathon .....	8%	2846 Harris-Lake Park .....	0%	2846 Harris-Lake Park .....	0%	2295 Forest City .....	9%
<b>02-ADAMS</b>		4644 Newell-Fonda .....	7%	2862 Hartley-Melvin-		Sanborn .....	7%	2403 Garner-Hayfield .....	11%
0914 CAM .....	10%	5823 Schaller-Crestland .....	12%	4890 Okoboji .....	2%	4890 Okoboji .....	2%	5922 West Fork .....	8%
1431 Corning .....	5%	6048 Sioux Central .....	0%	6120 Spirit Lake .....	6%	6120 Spirit Lake .....	6%	6417 Titonka .....	7%
1503 Creston .....	2%	6219 Storm Lake .....	1%					6633 Ventura .....	13%
2718 Griswold .....	8%	<b>12-BUTLER</b>		6102 Spencer .....	4%	<b>31-DUBUQUE</b>		<b>42-HARDIN</b>	
3609 Lenox .....	6%	0009 AGWSR .....	8%	<b>22-CLAYTON</b>		1863 Dubuque .....	0%	0009 AGWSR .....	8%
4978 Orient-Macksburg .....	15%	0153 North Butler .....	5%	1080 Central Clayton .....	2%	4041 Maquoketa .....	10%	0108 Alden .....	10%
5328 Prescott .....	0%	0279 Aplington-		1989 Edgewood-Colesburg ..	8%	4446 Monticello .....	5%	0540 BCLUW .....	9%
6651 Villisca .....	4%	Parkersburg .....	7%	2763 Clayton Ridge .....	4%	6961 Western Dubuque Co. ..	6%	1359 Colo-Nesco .....	8%
<b>03-ALLAMAKEE</b>		1215 Clarksville .....	14%	4419 MFL-Mar-Mac .....	8%	<b>32-EMMET</b>		2007 Eldora-	
0135 Allamakee .....	8%	1791 Dike-New Hartford .....	7%	5310 Postville .....	15%	0333 Armstrong-Ringsted ..	10%	New Providence .....	7%
1638 Decorah .....	6%	2781 Hampton-Dumont .....	3%	6175 Starmont .....	0%	2124 Estherville-Lincoln		3033 Hubbard-Radcliffe .....	0%
1972 Eastern Allamakee ...	10%	4599 Nashua-Plainfield .....	10%	6591 Valley .....	8%	Central .....	9%	3150 Iowa Falls .....	8%
4419 MFL-Mar-Mac .....	8%	6840 Waverly-Shell Rock ....	6%	6961 Western Dubuque Co. ..	6%	2556 Graettinger-Terril .....	2%	5643 Roland-Story .....	8%
5310 Postville .....	15%	<b>13-CALHOUN</b>		<b>23-CLINTON</b>		<b>33-FAYETTE</b>		<b>43-HARRISON</b>	
<b>04-APPANOOSE *</b>		3411 Southern Cal .....	0%	0918 Calamus/Wheatland ...	7%	2349 Fredericksburg .....	7%	0441 A-H-S-T .....	9%
(see footnote below)		4023 Manson-NW Webster ..	8%	0936 Camanche .....	0%	4774 North Fayette .....	8%	1917 Boyer Valley .....	10%
0081 Albia .....	10%	4644 Newell-Fonda .....	7%	1082 Central Clinton .....	8%	4869 Oelwein .....	7%	2826 Harlan .....	8%
1071 Centerville .....	4%	5283 Pocahontas Area .....	1%	1278 Clinton .....	9%	5310 Postville .....	15%	3798 Logan-Magnolia .....	7%
4491 Moravia .....	13%	5323 Prairie Valley .....	8%	1675 Delwood .....	10%	6175 Starmont .....	0%	4356 Missouri Valley .....	7%
4518 Moulton-Udell .....	13%	5625 Rockwell City-Lytton ..	0%	1965 Easton Valley .....	0%	6273 Sumner .....	8%	6460 Tri-Center .....	8%
5895 Seymour .....	11%	<b>14-CARROLL</b>		4041 Maquoketa .....	10%	6509 Turkey Valley .....	0%	6969 West Harrison .....	5%
<b>05-AUDUBON</b>		0355 Ar-We-Va .....	9%	4269 Midland .....	14%	6591 Valley .....	8%	6987 West Monona .....	6%
0018 Adair-Casey .....	8%	0999 Carroll .....	0%	4773 Northeast .....	11%	6762 Wapsie Valley .....	12%	7092 Woodbine .....	15%
0387 Atlantic .....	13%	1413 Coon Rapids-Bayard ..	7%	<b>24-CRAWFORD</b>		6943 West Central .....	10%	<b>44-HENRY</b>	
0414 Audubon .....	8%	2520 Glidden-Ralston .....	10%	0355 Ar-We-Va .....	9%	<b>34-FLOYD</b>		1602 Danville .....	9%
0914 CAM .....	10%	3168 IKM-Manning .....	10%	0504 Battle Creek-		4772 Central Springs .....	7%	2169 Fairfield .....	4%
1413 Coon Rapids-Bayard ...	7%	3411 Southern Cal .....	0%	Ida Grove .....	2%	1116 Charles City .....	6%	2322 Fort Madison .....	0%
2016 Elk Horn-Kimballton ..	13%	6741 East SAC County .....	0%	1134 Charter Oak-Ute .....	10%	0153 North Butler .....	5%	2834 Harmony .....	11%
2151 Exira .....	8%	<b>15-CASS</b>		1701 Denison .....	8%	4599 Nashua-Plainfield .....	10%	4536 Mount Pleasant .....	5%
2754 Guthrie Center .....	7%	0387 Atlantic .....	13%	1917 Boyer Valley .....	10%	4995 Osage .....	2%	4689 New London .....	9%
3168 IKM-Manning .....	10%	0914 CAM .....	10%	3168 IKM-Manning .....	10%	5697 Rudd-Rockford-		6700 Waco .....	0%
<b>06-BENTON</b>		2016 Elk Horn-Kimballton ..	13%	4033 Maple Valley-Anthon		Marble Rock .....	0%	7047 Winfield-Mt. Union ...	7%
0576 Belle Plaine .....	10%	2151 Exira .....	8%	Oto .....	0%	<b>35-FRANKLIN</b>		<b>45-HOWARD</b>	
0609 Benton .....	5%	2718 Griswold .....	8%	4860 Odebolt-Arthur .....	2%	0009 AGWSR .....	8%	3029 Howard-Winneshiek ..	12%
1062 Center Point-Urbana ..	7%	6750 Walnut .....	2%	5832 Schleswig .....	6%	0108 Alden .....	10%	4662 New Hampton .....	8%
1337 College .....	0%	<b>16-CEDAR</b>		6741 East Sac County .....	0%	0594 Belmont-Klemme .....	0%	5508 Riceville .....	11%
1935 Union .....	9%	0603 Bennett .....	0%	<b>25-DALLAS</b>		0916 Cal .....	12%	6509 Turkey Valley .....	0%
3105 Independence .....	7%	1926 Durant .....	10%	0027 Adel-DeSoto-Minburn ..	0%	1854 Dows .....	0%	<b>46-HUMBOLDT</b>	
4777 North Linn .....	7%	3691 North Cedar .....	10%	1576 Dallas Center-Grimes ..	0%	2781 Hampton-Dumont .....	3%	1206 Clarion-Goldfield .....	8%
6660 Vinton-Shellsburg .....	7%	3744 Lisbon .....	4%	1953 Earlham .....	0%	3150 Iowa Falls .....	8%	1946 Elmer Grove .....	7%
<b>07-BLACK HAWK</b>		4269 Midland .....	14%	3942 Madrid .....	7%	5922 West Fork .....	8%	2493 Gilmore City-	
1044 Cedar Falls .....	0%	6408 Tipton .....	10%	5121 Panorama .....	8%	<b>36-FREMONT</b>		Bradgate .....	10%
1719 Denver .....	4%	6930 West Branch .....	10%	5184 Perry .....	3%	2205 Farragut .....	8%	3060 Humboldt .....	7%
1791 Dike-New Hartford .....	7%	6975 West Liberty .....	17%	6264 West Central Valley ...	5%	2369 Fremont-Mills .....	16%	3897 Lu Verne .....	15%
1908 Dunkerton .....	10%	7038 Wilton .....	4%	6615 Van Meter .....	5%	2772 Hamburg .....	7%	6516 Twin Rivers .....	20%
1935 Union .....	9%	<b>17-CERRO GORDO</b>		6822 Waukee .....	0%	5976 Shenandoah .....	15%	6921 West Bend-Mallard .....	0%
2502 Gladbrook-Reinbeck ...	3%	1233 Clear Lake .....	5%	6957 West Des Moines .....	0%	6003 Sidney .....	11%	<b>47-IDA</b>	
3042 Hudson .....	8%	2295 Forest City .....	9%	7110 Woodward-Granger .....	7%	<b>37-GREENE</b>		0504 Battle Creek-	
3186 Janesville .....	8%	4131 Mason City .....	0%	<b>26-DAVIS</b>		1413 Coon Rapids-Bayard ..	7%	Ida Grove .....	2%
3204 Jesup .....	0%	4772 Central Springs .....	7%	0657 Edsbyville-Blakesburg-		1967 East Greene .....	10%	1701 Denison .....	8%
6660 Vinton-Shellsburg .....	7%	5697 Rudd-Rockford-		Fremont .....	5%	2520 Glidden-Ralston .....	10%	1975 River Valley .....	11%
6762 Wapsie Valley .....	12%	Marble Rock .....	0%	0977 Cardinal .....	5%	3195 Jefferson-Scranton ....	7%	2376 Galva-Holstein .....	4%
6795 Waterloo .....	0%	5922 West Fork .....	8%	1619 Davis County .....	0%	3411 Southern Cal .....	0%	4033 Maple Valley-Anthon	
6840 Waverly-Shell Rock ....	6%	6633 Ventura .....	13%	4491 Moravia .....	12%	5121 Panorama .....	8%	Oto .....	0%
<b>08-BOONE</b>		<b>18-CHEROKEE</b>		4518 Moulton-Udell .....	12%	5139 Paton-Churdan .....	5%	4860 Odebolt-Arthur .....	2%
0472 Ballard .....	2%	0171 Alta .....	9%	6592 Van Buren .....	10%	5184 Perry .....	3%	5823 Schaller-Crestland ...	12%
0729 Boone .....	7%	0423 Aurelia .....	6%	<b>27-DECATUR</b>		5323 Prairie Valley .....	8%	5832 Schleswig .....	6%
1967 East Greene .....	10%	1152 Cherokee .....	5%	1093 Central Decatur .....	7%	6096 SE Webster-Grand .....	6%	<b>48-IOWA</b>	
2466 Gilbert .....	0%	1975 River Valley .....	11%	1211 Clarke .....	5%	<b>38-GRUNDY</b>		0576 Belle Plaine .....	10%
3942 Madrid .....	7%	2376 Galva-Holstein .....	4%	3465 Lamon .....	12%	0009 AGWSR .....	8%	0609 Benton .....	5%
4779 North Polk .....	5%	3348 Kingsley-Pierson .....	4%	4505 Mormon Trail .....	2%	0279 Aplington-		1221 Clear Creek-Amana ....	8%
4878 Ogden .....	7%	4068 Marcus-Meriden-		4527 Mount Ayr .....	6%	Parkersburg .....	9%	2097 English Valleys .....	17%
5184 Perry .....	3%	Cleghorn .....	9%	4572 Murray .....	15%	0540 BCLUW .....	7%	2766 HLW .....	8%
5643 Roland-Story .....	8%	5157 South O'Brien .....	10%	6854 Wayne .....	8%	1791 Dike-New Hartford .....	7%	3154 Iowa Valley .....	14%
6095 South Hamilton .....	9%	6048 Sioux Central .....	0%	<b>28-DELAWARE</b>		2007 Eldora-		4271 Mid-Prairie .....	9%
6096 SE Webster-Grand .....	6%	<b>19-CHICKSAW</b>		1989 Edgewood-Colesburg ..	8%	New Providence .....	7%	6462 Tri-County .....	12%
6246 Stratford .....	9%	1116 Charles City .....	6%	4043 Maquoketa Valley .....	0%	2502 Gladbrook-Reinbeck ...	3%	7029 Williamsburg .....	1%
6561 United .....	7%	2349 Fredericksburg .....	7%	4446 Monticello .....	5%	2727 Grundy Center .....	7%	<b>49-JACKSON</b>	
7110 Woodward-Granger .....	7%	3029 Howard-Winneshiek ...	12%	4777 North Linn .....	7%	<b>39-GUTHRIE</b>		0243 Andrew .....	13%
<b>09-BREMER</b>		4599 Nashua-Plainfield .....	10%	6175 Starmont .....	0%	0018 Adair-Casey .....	8%	0585 Bellevue .....	3%
1719 Denver .....	4%	4662 New Hampton .....	8%	6950 West Delaware Co. ....	5%	0414 Audubon .....	8%	1675 Delwood .....	10%
1908 Dunkerton .....	10%	6273 Sumner .....	8%	6961 Western Dubuque Co. ..	6%	1413 Coon Rapids-Bayard ...	7%	1863 Dubuque .....	0%
2349 Fredericksburg .....	7%	6471 Tripoli .....	10%	<b>29-DES MOINES</b>		2151 Exira .....	8%	1965 Easton Valley .....	0%
3186 Janesville .....	8%	<b>20-CLARKE</b>		0882 Burlington .....	0%	2754 Guthrie Center .....	7%	4041 Maquoketa .....	10%
4599 Nashua-Plainfield .....	10%	1211 Clarke .....	5%	1602 Danville .....	9%	5121 Panorama .....	8%	4269 Midland .....	14%
6273 Sumner .....	8%	1970 East Union .....	14%	2322 Fort Madison .....	0%	6264 West Central Valley ...	5%	6961 Western Dubuque Co. ..	6%
6471 Tripoli .....	10%	3119 Interstate 35 .....	0%	4203 Mediapolis .....	7%	<b>40-HAMILTON</b>		<b>50-JASPER</b>	
6762 Wapsie Valley .....	12%	4505 Mormon Trail .....	2%	4509 Morning Sun .....	7%	3033 Hubbard-Radcliffe .....	0%	0513 Baxter .....	11%
6840 Waverly-Shell Rock ....	6%	4572 Murray .....	15%	4689 New London .....	9%	4775 Northeast Hamilton ...	9%	0720 Bondurant-Farrar .....	3%
<b>10-BUCHANAN</b>				6759 Wapello .....	7%	5643 Roland-Story .....	8%	1332 Colfax-Mingo .....	9%
1935 Union .....	9%			6937 West Burlington .....	0%	6095 South Hamilton .....	9%	1350 Collins-Maxwell .....	5%
1963 East Buchanan .....	10%			7047 Winfield-Mt. Union ....	7%	6246 Stratford .....	9%	2709 Grinnell-Newburg .....	6%
3105 Independence .....	7%					6867 Webster City .....	5%	3582 East Marshall .....	11%
3204 Jesup .....	0%							3906 Lynnville-Sully .....	8%
4777 North Linn .....	7%							4725 Newton .....	3%
4869 Oelwein .....	7%							5166 Pella .....	5%
6175 Starmont .....	0%							5319 PCM .....	5%
6660 Vinton-Shellsburg .....	7%							6101 Southeast Polk .....	5%
6762 Wapsie Valley .....	12%								
6950 West Delaware Co. ....	5%								

\* Rates for residents of Appanoose County include a 1 percent local option surtax for Emergency Medical Services.



# IOWA COUNTIES, SCHOOL DISTRICT NUMBERS, SURTAX RATES FOR 2013

<b>51-JEFFERSON</b>			<b>61-MADISON</b>			<b>72-OSCEOLA</b>			<b>80-RINGGOLD</b>			<b>90-WAPELLO</b>		
0977 Cardinal	5%		0027 Adel-DeSoto-Minburn	0%		2052 George-Little Rock	16%		0549 Bedford	10%		0657 Eddyville-Blakesburg-		
2169 Fairfield	4%		1953 Earlham	0%		2846 Harris-Lake Park	0%		1224 Clearfield	7%		Fremont	5%	
4536 Mount Pleasant	5%		1970 East Union	14%		2862 Hartley-Melvin-			1503 Creston	2%		0977 Cardinal	5%	
5163 Pekin	8%		2673 Nodaway Valley	8%		Sanborn	7%		1782 Diagonal	12%		2169 Fairfield	4%	
6700 Waco	0%		3119 Interstate 35	0%		5949 Sheldon	6%		1970 East Union	14%		5049 Ottumwa	0%	
6768 Washington	9%		4122 Martensdale-			5994 Sibley-Ocheyedan	6%		3465 Lamoni	12%		5163 Pekin	8%	
<b>52-JOHNSON</b>			St. Marys	1%		<b>73-PAGE</b>			3609 Lenox	6%		<b>91-WARREN</b>		
1221 Clear Creek-Amana	8%		4978 Orient-Macksburg	15%		0549 Bedford	10%		4527 Mount Ayr	6%		0981 Carlisle	0%	
1337 College	0%		6615 Van Meter	5%		1197 Clarinda	5%		<b>81-SAC</b>			1737 Des Moines	0%	
2977 Highland	8%		7056 Winterset	4%		2113 Essex	10%		0171 Alta	9%		3114 Indianola	5%	
3141 Iowa City	5%		<b>62-MAHASKA</b>			5463 Red Oak	13%		2376 Galva-Holstein	4%		3119 Interstate 35	0%	
3744 Lisbon	4%		0657 Eddyville-Blakesburg-			5976 Shenandoah	15%		3411 Southern Cal	0%		4122 Martensdale-		
3816 Lone Tree	9%		Fremont	5%		6097 South Page	13%		4644 Newell-Fonda	7%		St. Mary's	1%	
4271 Mid-Prairie	9%		3906 Lynnville-Sully	8%		6165 Stanton	9%		4860 Odebolt-Arthur	2%		4797 Norwalk	0%	
4554 Mount Vernon	6%		4776 North Mahaska	0%		6651 Villisca	4%		5625 Rockwell City-Lytton	0%		5256 Pleasantville	10%	
6093 Solon	6%		5013 Oskaloosa	1%		<b>74-PALO ALTO</b>			5823 Schaller-Crestland	12%		6094 Southeast Warren	10%	
6930 West Branch	10%		5166 Pella	5%		0333 Armstrong-Ringsted	10%		6219 Storm Lake	1%		<b>92-WASHINGTON</b>		
6975 West Liberty	17%		6462 Tri-County	12%		2088 Emmetsburg	12%		6741 East Sac County	0%		2169 Fairfield	4%	
7029 Williamsburg	1%		6512 Twin Cedars	4%		2556 Graettinger-Terril	2%		<b>82-SCOTT</b>			2977 Highland	8%	
<b>53-JONES</b>			<b>63-MARION</b>			3537 Laurens-Marathon	8%		0603 Bennett	0%		3330 Keota	1%	
0234 Anamosa	7%		1107 Chariton	4%		5283 Pocahontas Area	1%		0621 Bettendorf	0%		4271 Mid-Prairie	9%	
3691 North Cedar	10%		3375 Knoxville	6%		5724 Ruthven-Ayrshire	11%		0918 Calamus Wheatland	7%		5163 Pekin	8%	
3744 Lisbon	4%		4212 Melcher-Dallas	1%		5868 Central	14%		1611 Davenport	0%		6700 Waco	0%	
4269 Midland	14%		5166 Pella	5%		6921 West Bend-Mallard	0%		1926 Durant	10%		6768 Washington	9%	
4446 Monticello	5%		5256 Pleasantville	10%		<b>75-PLYMOUTH</b>			4784 North Scott	1%		7047 Winfield-Mt. Union	7%	
4554 Mount Vernon	6%		5319 PCM	5%		0063 Akron-Westfield	4%		5250 Pleasant Valley	0%		<b>93-WAYNE</b>		
4905 Olin	10%		6101 Southeast Polk	5%		2988 Hinton	7%		<b>83-SHELBY</b>			4505 Mormon Trail	2%	
6961 Western Dubuque Co.	6%		6512 Twin Cedars	4%		3348 Kingsley-Pierson	4%		0441 A-H-S-T	9%		5895 Seymour	10%	
<b>54-KEOKUK</b>			<b>64-MARSHALL</b>			3555 Lawton-Bronson	4%		1917 Boyer Valley	10%		6854 Wayne	8%	
0657 Eddyville-Blakesburg-			0513 Baxter	11%		3600 Le Mars	0%		2016 Elk Horn-Kimballton	13%		<b>94-WEBSTER</b>		
Fremont	5%		0540 BCLUW	9%		4068 Marcus-Meriden-			2826 Harlan	8%		1944 Eagle Grove	7%	
2097 English Valleys	17%		1350 Collins-Maxwell	5%		Cleghorn	9%		3168 IKM-Manning	10%		2313 Fort Dodge	3%	
3330 Keota	1%		1359 Colo-Nesco	8%		5486 Remsen-Union	7%		6460 Tri-Center	8%		2493 Gilmore City-		
5163 Pekin	8%		2007 Eldora-			6039 Sioux City	6%		6750 Walnut	2%		Bradgate	10%	
6012 Sigourney	6%		New Providence	7%		6990 West Sioux	7%		7092 Woodbine	15%		3060 Humboldt	7%	
6462 Tri-County	12%		2502 Gladbrook-Reinbeck	3%		<b>76-POCAHONTAS</b>			<b>84-SIOUX</b>			4023 Manson-NW Webster	8%	
<b>55-KOSSUTH</b>			2682 GMG	11%		0072 Albert City-Truesdale	0%		0747 Boyden-Hull	8%		5323 Prairie Valley	8%	
0126 Algona	7%		3582 East Marshall	11%		2493 Gilmore City-			2457 George-Little Rock	16%		6096 SE Webster-Grand	6%	
0333 Armstrong-Ringsted	10%		4104 Marshalltown	0%		Bradgate	10%		4149 MOC-Floyd Valley	6%		6246 Stratford	9%	
0873 North Iowa	8%		6985 West Marshall	9%		3537 Laurens-Marathon	8%		5486 Remsen-Union	7%		6867 Webster City	5%	
1449 Corwith-Wesley	18%		<b>65-MILLS</b>			4023 Manson-NW Webster	8%		5607 Rock Valley	0%		<b>95-WINNEBAGO</b>		
3897 Lu Verne	15%		2369 Fremont-Mills	16%		4644 Newell-Fonda	7%		5949 Sheldon	6%		0873 North Iowa	8%	
4778 North Kossuth	7%		2511 Glenwood	7%		5283 Pocahontas Area	1%		6030 Sioux Center	5%		2295 Forest City	9%	
5868 Central	14%		3645 Lewis Central	6%		6921 West Bend-Mallard	0%		6983 West Lyon	10%		3420 Lake Mills	10%	
6417 Titonka	7%		3978 East Mills	8%		<b>77-POLK</b>			6990 West Sioux	7%		6417 Titonka	7%	
6516 Twin Rivers	20%		5976 Shenandoah	15%		0261 Ankeny	0%		<b>85-STORY</b>			<b>96-WINNESHIEK</b>		
6921 West Bend-Mallard	0%		6453 Treynor	4%		0472 Ballard	2%		0225 Ames	5%		0135 Allamakee	8%	
<b>56-LEE</b>			<b>66-MITCHELL</b>			0720 Bondurant-Farrar	3%		0472 Ballard	2%		1638 Decorah	6%	
1079 Central Lee	10%		4995 Osage	2%		0981 Carlisle	0%		1350 Collins-Maxwell	5%		3029 Howard-Winneshiek	12%	
2322 Fort Madison	0%		4772 Central Springs	7%		1350 Collins-Maxwell	5%		1359 Colo-Nesco	8%		4787 North Winneshiek	10%	
2834 Harmony	11%		5508 Riceville	11%		1576 Dallas Center-Grimes	0%		2466 Gilbert	0%		5310 Postville	15%	
3312 Keokuk	0%		5697 Rudd-Rockford-			1737 Des Moines	0%		4617 Nevada	5%		6100 South Winneshiek	6%	
4536 Mount Pleasant	5%		Marble Rock	0%		3231 Johnston	0%		4779 North Polk	5%		6509 Turkey Valley	0%	
<b>57-LINN</b>			5751 St. Ansgar	6%		3942 Madrid	7%		5643 Roland-Story	8%		<b>97-WOODBURY</b>		
0099 Alburnett	0%		<b>67-MONONA</b>			4779 North Polk	5%		6561 United	7%		0504 Battle Creek-		
0234 Anamosa	7%		1134 Charter Oak-Ute	10%		5319 PCM	5%		6985 West Marshall	9%		Ida Grove	2%	
1053 Cedar Rapids	5%		1917 Boyer Valley	10%		5805 Saydel	0%		<b>86-TAMA</b>			1975 River Valley	11%	
1062 Central Point-Urbana	7%		4033 Maple Valley-Anthon			6101 Southeast Polk	5%		0576 Belle Plaine	10%		3348 Kingsley-Pierson	4%	
1089 Center City	0%		Oto	0%		6579 Urbandale	0%		0609 Benton	5%		3555 Lawton-Bronson	4%	
1337 College	0%		6969 West Harrison	5%		6957 West Des Moines	0%		1935 Union	9%		4033 Maple Valley-Anthon		
3715 Linn-Mar	0%		6987 West Monona	6%		7110 Woodward-Granger	7%		2502 Gladbrook-Reinbeck	3%		Oto	0%	
3744 Lisbon	4%		6992 Westwood	6%		<b>78-POTTAWATTAMIE</b>			2682 GMG	11%		5877 Sergeant Bluff-Luton	0%	
4086 Marion	4%		7002 Whiting	9%		0387 Atlantic	13%		2727 Grundy Center	7%		6039 Sioux City	6%	
4446 Monticello	5%		7092 Woodbine	15%		0441 A-H-S-T	9%		3582 East Marshall	11%		6992 Westwood	6%	
4554 Mount Vernon	6%		<b>68-MONROE</b>			1476 Council Bluffs	0%		4785 North Tama	9%		7098 Woodbury Central	5%	
4777 North Linn	7%		0081 Albia	9%		2511 Glenwood	7%		6098 South Tama	13%		<b>98-WORTH</b>		
6093 Solon	6%		0657 Eddyville-Blakesburg-			2718 Griswold	8%		<b>87-TAYLOR</b>			2295 Forest City	9%	
6138 Springville	3%		Fremont	5%		3645 Lewis Central	6%		0549 Bedford	10%		3420 Lake Mills	10%	
<b>58-LOUISA</b>			4491 Moravia	12%		4356 Missouri Valley	7%		1197 Clarinda	5%		4772 Central Springs	7%	
1368 Columbus	13%		<b>69-MONTGOMERY</b>			4824 Riverside	7%		1224 Clearfield	7%		4788 Northwood-Kensett	5%	
2977 Highland	8%		2113 Essex	10%		5463 Red Oak	13%		1431 Corning	5%		5751 St. Ansgar	6%	
3816 Lone Tree	9%		2718 Griswold	8%		6453 Treynor	4%		3609 Lenox	6%		<b>99-WRIGHT</b>		
3841 Louisa-Muscatine	10%		3978 East Mills	8%		6460 Tri-Center	8%		4527 Mount Ayr	6%		0594 Belmond-Klemme	0%	
4203 Mediapolis	7%		5463 Red Oak	13%		6534 Underwood	0%		6651 Villisca	4%		0819 West Hancock	9%	
4509 Morning Sun	7%		5976 Shenandoah	15%		6750 Walnut	2%		<b>88-UNION</b>			0916 Cal	12%	
6700 Waco	0%		6165 Stanton	9%		<b>79-POWESHIEK</b>			1503 Creston	2%		1206 Clarion-Goldfield	8%	
6759 Wapello	7%		6651 Villisca	4%		0576 Belle Plaine	10%		1970 East Union	14%		1449 Corwith-Wesley	18%	
7047 Winfield-Mt. Union	7%		<b>70-MUSCATINE</b>			0846 Brooklyn-Guernsey-			3609 Lenox	6%		1854 Dows	0%	
<b>59-LUCAS</b>			1368 Columbus	13%		Malcom	6%		4572 Murray	15%		1944 Eagle Grove	7%	
1107 Chariton	4%		1611 Davenport	0%		2097 English Valleys	17%		4978 Orient-Macksburg	15%		3060 Humboldt	7%	
1211 Clarke	5%		1926 Durant	10%		2709 Grinnell-Newburg	6%		<b>89-VAN BUREN</b>			4775 Northeast Hamilton	9%	
4505 Mormon Trail	2%		3841 Louisa-Muscatine	10%		2766 HLV	8%		0977 Cardinal	5%		5922 West Fork	8%	
6094 Southeast Warren	10%		4581 Muscatine	1%		3582 East Marshall	11%		1619 Davis County	0%		6867 Webster City	5%	
6854 Wayne	8%		6975 West Liberty	17%		3906 Lynnville-Sully	8%		2169 Fairfield	4%				
<b>60-LYON</b>			7038 Wilton	4%		4437 Montezuma	9%		2834 Harmony	11%				
0747 Boyden-Hull	8%		<b>71-O'BRIEN</b>			4776 North Mahaska	0%		4536 Mount Pleasant	5%				
1095 Central Lyon	8%		1218 Clay Central-Everly	5%		6098 South Tama	13%		6592 Van Buren	10%				
2457 George-Little Rock	16%		2862 Hartley-Melvin-			6462 Tri-County	12%							
5607 Rock Valley	0%		Sanborn	7%										
5949 Sheldon	6%		4149 MOC-Floyd Valley	6%										
6983 West Lyon	10%		5157 South O'Brien	10%										
			5949 Sheldon	6%										
			6048 Sioux Central	0%										

**Nonresidents and Part-year Residents:**  
Please see page 1 of the IA 1040 booklet  
or the online Expanded Instructions at  
[www.iowa.gov/tax](http://www.iowa.gov/tax) for more information.

## Iowa 2014 Tax Rate Schedule

### Standard Deductions

Filing status 1: \$1,920  
 Filing status 3 or 4: \$1,920 each  
 Filing status 2, 5 or 6: \$4,740

### Taxable Income

But		Of Excess	
Over	Not Over	Tax Rate	Over
\$0	\$ 1,515	\$0.00 + (0.36% x	\$0)
\$ 1,515	\$ 3,030	\$5.454 + (0.72% x	\$1,515)
\$ 3,030	\$ 6,060	\$16.36 + (2.43% x	\$3,030)
\$ 6,060	\$13,635	\$89.99 + (4.50% x	\$6,060)
\$13,635	\$22,725	\$430.87 + (6.12% x	\$13,635)
\$22,725	\$30,300	\$987.18 + (6.48% x	\$22,725)
\$30,300	\$45,450	\$1,478.04 + (6.80% x	\$30,300)
\$45,450	\$68,175	\$2,508.24 + (7.92% x	\$45,450)
\$68,175	over	\$4,308.06 + (8.98% x	\$68,175)

## Iowa 2013 Tax Rate Schedule

### Standard Deductions

Filing status 1: \$1,900  
 Filing status 3 or 4: \$1,900 each  
 Filing status 2, 5 or 6: \$4,670

### Taxable Income

But		Of Excess	
Over	Not Over	Tax Rate	Over
\$0	\$ 1,494	\$0.00 + (0.36% x	\$0)
\$ 1,494	\$ 2,988	\$5.38 + (0.72% x	\$1,494)
\$ 2,988	\$ 5,976	\$16.14 + (2.43% x	\$2,988)
\$ 5,976	\$13,446	\$88.75 + (4.50% x	\$5,976)
\$13,446	\$22,410	\$424.90 + (6.12% x	\$13,446)
\$22,410	\$29,880	\$973.50 + (6.48% x	\$22,410)
\$29,880	\$44,820	\$1,457.56 + (6.80% x	\$29,880)
\$44,820	\$67,230	\$2,473.48 + (7.92% x	\$44,820)
\$67,230	over	\$4,248.35 + (8.98% x	\$67,230)



**ALTERNATE TAX MAY REDUCE TAX LIABILITY.**  
**Single taxpayers do not qualify for the alternate tax calculation.**

**For filing statuses 2, 3, 4, 5, and 6:** If the combination of your net income from line 26 PLUS any Social Security Phase-out from line 12 of the Social Security Worksheet and pension exclusion taken on line 21 exceeds \$13,500, you may OWE LESS TAX by completing the worksheet below to compute your tax liability. Enter this alternate tax on line 39 if it is less than the tax from the tax table.

**If you are married filing separately and one spouse has a net operating loss that will be carried back or forward,** then you cannot use the alternate tax computation. If the spouse with the net operating loss elects not to carry the net operating loss back or forward, then you can use the alternate tax computation. A statement must be attached to the return saying that the spouse with the net operating loss will not carry it back or forward.

1. Enter the total of net income from line 26 and pension exclusion from line 21 of the IA 1040 and any Social Security Phase-out from line 12 of the Social Security Worksheet.  
Filing statuses 3 or 4: Enter combined totals of both spouses. .... 1. \_\_\_\_\_
2. Enter \$13,500 (\$32,000 if you or your spouse is 65 or older on 12/31/13). .... 2. \_\_\_\_\_
3. Income subject to alternate tax. Subtract line 2 from line 1. .... 3. \_\_\_\_\_
4. Multiply line 3 by 8.98% (.0898). .... 4. \_\_\_\_\_
5. Using the tax tables, determine the tax on the taxable income from line 38 of the IA1040.  
Status 3 and 4 filers: Calculate tax separately and combine the amounts. ... 5. \_\_\_\_\_
6. Compare the amounts on line 4 and line 5. Enter the smaller amount here and on line 39, IA1040. .... 6. \_\_\_\_\_

**If alternate tax (line 4 above) is the smaller amount,** you will need to divide that amount between spouses in the ratio of the net income of each spouse to the combined net income of both spouses.

**Married Separate Filers, including status 4:**

**If you are using the tax tables, the formula at the end of the tax tables, or the tax rate schedule:**

Enter the tax for line 38, column A, on line 39, column A.

If filing status 3, also enter the tax for line 38, column B, on line 39, column B.

**If you are using the alternate tax:**

Use the combined net incomes of both spouses to compute the alternate tax.

Prorate the alternate tax between spouses in the ratio of the net income of each spouse to the combined net income of both spouses.

“Net income” for purposes of this proration is the amount from line 26, plus any pension exclusion from line 21 and Social Security Phase-out taken on line 12 of the Social Security Worksheet.





**For taxpayers using filing status 1, Single, and *not* claimed  
as a dependent on another person's Iowa return**

Taxpayers using filing status 1 are not eligible to use the alternate tax computation; however, a single taxpayer who is not claimed as a dependent on another person's Iowa return may pay less tax by using this worksheet.

**1. Add:**

- (a) Net income from line 26, IA 1040 ..... (a) \_\_\_\_\_  
(b) Pension exclusion from line 21, IA 1040 ..... (b) \_\_\_\_\_  
(c) Social Security Phase-out from line 12 of the  
Social Security Worksheet. See instructions  
for line 13 of IA 1040. .... (c) \_\_\_\_\_

**Total. Add (a), (b), and (c).**..... **1.** \_\_\_\_\_

2. Write \$9,000 on this line if you are 64 or younger.  
Write \$24,000 if you are 65 or older as of 12/31/13 ..... **2.** \_\_\_\_\_
3. Subtract line 2 from line 1. .... **3.** \_\_\_\_\_
4. Enter the amount from line 47, IA 1040. .... **4.** \_\_\_\_\_
5. Compare lines 3 and 4. Enter the smaller number here. If this number  
is different than the one on line 47, IA 1040, substitute this number.  
Write "tax reduction" to the left of line 47. .... **5.** \_\_\_\_\_



This deduction is subject to review by the Iowa Department of Revenue.

Should the Department request it, the information below will be needed to verify whether you qualify for the deduction. Other information, in addition to that shown on this checklist, may also be required in some situations.

Gains from the sale of stocks or bonds DO NOT qualify for the deduction, with the following exception: effective with tax year 2012, 50% of the gain from the sale/exchange of employer securities of an Iowa corporation to a qualified Iowa employee stock ownership plan (ESOP) may be eligible for the Iowa capital gain deduction. To be eligible, the Iowa ESOP must own at least 30% of all outstanding employer securities issued by the Iowa corporation after completion of the transaction.

Location of Property: \_\_\_\_\_

Intended Use of Property: \_\_\_\_\_

Actual Use of Property: \_\_\_\_\_

Acquisition Date: \_\_\_\_\_ How Acquired: \_\_\_\_\_

Date of Sale: \_\_\_\_\_ Term of Sale (completed sale or installment sale): \_\_\_\_\_

Purchaser: \_\_\_\_\_

Purchaser's Relationship to Owner (if any): \_\_\_\_\_

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**PART 1: MATERIAL PARTICIPATION TEST FOR SALE OF REAL PROPERTY OR SALE OF BUSINESS  
MUST MEET AT LEAST ONE TO QUALIFY (CHECK ALL THAT APPLY):**

Detailed records should be kept by the taxpayer (on as close to a daily basis as possible) because the burden of proof is on the taxpayer to demonstrate material participation.

- ☐ Participates more than 500 hours in the tax year (records required)
- ☐ Participation constitutes all participation in the business (records required)
- ☐ Participates more than 100 hours in the tax year and no one else participates more (records required)
- ☐ Participates in two or more businesses, excluding rental business, and participates more than 500 hours in all businesses, or more than 100 hours in each business (records required)
- ☐ Participates in 5 of the last 10 years (records required)
- ☐ Participates in personal service activity for at least 3 years (records required)
- ☐ Participates more than 100 hours and based on the facts and circumstances, participates on a regular, continuous, and substantial basis (records required)



**PART 2: SALE OF FARMLAND**

1. Are you a retired farmer? Yes ☐ No ☐

If yes, provide the date you began receiving Social Security old-age benefits: \_\_\_\_\_

2. Are you a disabled farmer? Yes ☐ No ☐

If yes, provide the date your disability began: \_\_\_\_\_

3. Are you are a surviving spouse of a farmer? Yes ☐ No ☐

If yes, were you retired on the date of your spouse's death?

Yes ☐ No ☐

4. How was farm real estate operated? (check one):

By taxpayer: ☐ Cash rent: ☐ Crop share: ☐

If crop share, was the income reported on federal form 4835?

Yes ☐ No ☐

If crop share, was the income subject to self-employment tax?

Yes ☐ No ☐

---

**PART 3: SALES OF BUSINESS**

1. What types of assets were sold? \_\_\_\_\_

Fair market value of assets sold: \$ \_\_\_\_\_

2. What types of assets were NOT sold? \_\_\_\_\_

Fair market value of assets NOT sold: \$ \_\_\_\_\_

3. What were the duties of the owner(s)? \_\_\_\_\_

4. Was gain reported under IRC Section 331 or 338? Yes ☐ No ☐

---

**PART 4: SALE OF CATTLE / HORSES AND BREEDING STOCK**

1. Was more than 50% of your gross income from farming or ranching activities?

Yes ☐ No ☐

2. What types of animals were sold? \_\_\_\_\_

3. For what purpose were these animals kept? \_\_\_\_\_

---

**PART 5: SALE OF TIMBER**

1. Was gain reported under IRC Section 1231? Yes ☐ No ☐



# Iowa Individual Income Tax Expanded Instructions - Tax Year 2013

## CONTENTS

What's new for tax year 2013 .....	1
Step 1: Name and Taxpayer Information .....	4
Step 2: Filing Status .....	4
Step 3: Exemption Credits .....	5
Step 4: Gross Income .....	6
Step 5: Adjustments to Income .....	12
Step 6: Federal Tax Addition and Deduction .....	21
Step 7: Taxable Income .....	23
Step 8: Tax Credits and Check off Contributions (Tax Calculations) .....	25
Alternate tax calculation .....	26
Tax reduction worksheet .....	28
IA 126 Instructions .....	29
Step 9: Credits .....	39
IA 130 Instructions .....	39
Step 10: Refund/Amount Due .....	44
Step 11: Political Checkoff .....	46
Step 12: Individual and Preparer Signatures .....	46

## CONTACTS

### Where's My Iowa Refund?

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

800-572-3944 (in Iowa) or 515-281-4966

### Questions About Iowa Taxes?

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

515-281-3114 or

800-367-3388 (Iowa, Omaha, Rock Island, Moline)

[idr@iowa.gov](mailto:idr@iowa.gov)

### Questions About Federal Income Taxes

#### Internal Revenue Service:

800-829-1040

[www.irs.gov](http://www.irs.gov)

## Are you receiving a refund or filing a return with no refund and no tax due?

### Paper filed returns take 10 - 12 weeks to process.

If the return contains errors, it may take an additional six months.

### eFile with direct deposit to receive your refund within days.

For more eFile information, see the Department's website at [www.iowa.gov/tax](http://www.iowa.gov/tax)

## ADDITIONAL INFORMATION

Who must file? .....	47
Iowa - Illinois reciprocal agreement .....	47
Are you a resident of Iowa for tax purposes? .....	48
Nonresidents & Part-Year Residents - What Income to Report .....	48
Injured spouse .....	49
Amending tax returns .....	49
Tax adjustments by the Department .....	49
Supporting Documentation .....	49
Estimated payments .....	49
Farmers and Commercial Fishers .....	50
Extension requests .....	50
Deceased taxpayer .....	50
Iowans paid in foreign currency .....	50
Net operating losses .....	50
Federal bonus depreciation/section 179 .....	50
Certified Tax return for nonresidents .....	50
Nonresidents with gambling winnings .....	51
Refunds may be used to pay debt .....	51
How to prorate .....	51
Record Keeping .....	52
Credits: Refundable / Nonrefundable .....	52
Rounding to whole dollars .....	52
What to do if you don't receive your W-2 .....	52
Confidentiality and fair information practices .....	52
Do you owe tax? .....	53
Consumer's use tax for businesses/individuals ....	53
Iowa tax responsibilities of military personnel ....	53
Iowa tax responsibilities of American Indians .....	57

## Are you paying additional tax?

You can pay by credit or debit card, by ePay (free direct debit) through our website, [www.iowa.gov/tax](http://www.iowa.gov/tax), by MoneyGram - pay with cash at MoneyGram locations, or mail your return and payment with IA 1040V Payment Voucher to:

Iowa Income Tax - Document Processing  
PO Box 9187  
Des Moines IA 50306-9187

Make checks payable to "Treasurer State of Iowa."

### If you mail your return:

Mail your return to:

Iowa Income Tax - Document Processing  
P.O. Box 9187  
Des Moines IA 50306-9187

# IOWA INDIVIDUAL INCOME TAX 2013 — WHAT'S NEW

## LEGISLATIVE UPDATE

The 2012 Legislative Summary is available online only. Legislative changes are incorporated in the information below.

**NOTE:** Iowa did not couple with the bonus depreciation provisions allowed for federal tax purposes for the 2013 tax year.

### For Individual Income Tax Filers Only:

- Allow deduction of educator expenses
- Allow tuition and fees deduction for higher education
- Allow election to deduct state sales/use tax as an itemized deduction in lieu of state income tax
- Allow treatment of mortgage insurance premiums as qualified residence interest
- Allow tax free distribution from an IRA to certain charities for individuals 70½ and older
- There is a limitation on the amount of itemized deductions that can be claimed for certain high-income taxpayers. The calculation is done on the Iowa Itemized Deductions Worksheet, form IA104.
- Maintain increased eligibility for student loan interest deduction.
- Maintain increased expense amount allowed for the child and dependent care credit.
- Coupled with federal earned income tax credit changes.
- Members of the armed forces, armed forces military reserve and the national guard in an active duty status can exclude pay received from the federal government for military service performed.

### For Individual Income Tax Filers as well as Corporate Income Tax (including S Corporations), Partnership, Fiduciary and Franchise Tax:

- 2013 section 179 limit for Iowa is \$500,000, which is the same as the federal section 179 limit. The phase-out threshold is \$ 2 million.
- Do not include any deduction for the small business health insurance tax credit that was not allowed as a deduction on the federal return.

## SPECIFIC LINE INFORMATION

**Step 1 Dependent Child Health Care Coverage:** The indication of whether dependents have health care coverage is mandatory and must be completed for 2013. Taxpayers who do not have health care coverage for their

children may be eligible for the state medical assistance program or the *hawk-i* program. Dependent children already covered under the Medicaid or *hawk-i* programs are considered to have health care coverage. Those who indicate they do not have health care coverage will receive information about these programs.

**Step 2 Filing Status:** Same-sex married couples must use filing status 2, 3, or 4 when filing Iowa returns. For additional information, please see Iowa Tax Treatment of Same-Sex Marriages on our Web site.

**Lines 2 & 3 Interest & Dividends** – Include all interest & dividend income on schedule, then allows adjustments for federal securities, double-exempt municipal bond interest and other nontaxable interest.

**Line 13 Social Security Worksheet** - The phase-out of tax on Social Security continues with a 89% reduction established by the Iowa Legislature. This is an increase in the exclusion percentage, which was 77% in 2012. For more information, see the 2006 Legislative Summary for SF 2408-C on our Web site.

**Line 14 Bonus Depreciation** - Iowa has not coupled with federal bonus depreciation. The section 179 limit for Iowa for 2013 is \$500,000.

**Line 23 Iowa Capital Gain Deduction** – A capital gain deduction worksheet is available on the Department's website under "individual income tax forms" which can be included with any return claiming the Iowa capital gains deduction.

### Line 24 Adjustments

- **College Savings Iowa or Iowa Advisor 529 Plan:** The deductible amount for tax year 2013 cannot exceed \$3,045 per beneficiary.

- Deductions are available for educator expenses for
- out-of-pocket expenses and the tuition and fees deduction claimed on the 2013 federal return.

Members of the armed forces, armed forces military reserve and the national guard in an active duty status

- can exclude pay received from the federal government for military service performed.

Do not include any deduction for the small business health insurance tax credit that was not allowed as a deduction on the federal return.

### Line 27 Federal Income Tax Refund Received in 2013

Do not include any part of the refund received from Earned Income Tax Credit, Additional Child Tax Credit, First-time Homebuyer Credit, Refundable Education Credit, Adoption Tax Credit.

Federal tax includes the tax on net investment income under Section 1411(a) of the Internal Revenue Code. The 0.9% Medicare tax is not considered a federal income tax.

### **Line 28 Self-employment/Household Employment Taxes**

Federal tax includes the tax on net investment income under Section 1411(a) of the Internal Revenue Code. The 0.9% Medicare tax is not considered a federal income tax and is, therefore, not deductible on the Iowa return. Taxpayers can deduct their entire withholding amount on line 31, but the self-employment tax portion must be added back on line 28.

### **Line 31 Federal Tax Withheld**

Federal tax includes the tax on net investment income under Section 1411(a) of the Internal Revenue Code. The 0.9% Medicare tax is not considered a federal income tax and is, therefore, not deductible on the Iowa return. Taxpayers can deduct their entire withholding amount on line 31, but the self-employment tax portion must be added back on line 28.

### **Line 32 Federal Estimated Tax Payments Made in 2013**

Federal tax includes the tax on net investment income under Section 1411(a) of the Internal Revenue Code. The 0.9% Medicare tax is not considered a federal income tax and is, therefore, not deductible on the Iowa return.

**Line 33 FICA Amount** - FICA payments for tax year 2013 in excess of \$7,049.40 for Social Security tax for each person can be deducted as a federal tax payment.

### **Line 37 Deduction**

#### **Standard Deduction for tax year 2013:**

- Filing Status 1: \$1,900
- Filing Status 3 & 4: \$1,900 for each spouse
- Filing Status 2, 5 or 6: \$4,670

### **Itemized Deduction**

All taxpayers choosing to itemize deductions must complete the Iowa Schedule A. The federal Schedule A can no longer be used with the Iowa return.

There is a limitation on the amount of itemized deductions that can be claimed for certain high-income taxpayers. The calculation is done on the Iowa Itemized Deductions Worksheet, form IA104.

The itemized deduction for state sales and use tax in lieu of state income tax is allowed.

For Iowa purposes, the itemized deduction for state sales and use tax paid is allowed only if the taxpayer claimed an itemized deduction for state sales and use tax paid on the Federal return. If a taxpayer claimed state income taxes as an itemized deduction on the Federal return, or claimed

the standard deduction on the Federal return, the taxpayer cannot claim an itemized deduction for state sales and use tax paid on the Iowa return.

If one spouse itemizes deductions, then both spouses must itemize, even if separate Iowa returns are filed.

Deductions for the following are taken on line 27 of the Iowa Schedule A:

- Expenses incurred for care of a disabled relative
- Adoption expenses
- Charitable mileage – Iowa charitable mileage formula uses 39 cents.

### **Line 45 Volunteer Firefighter/EMS Credit**

A volunteer firefighter and volunteer emergency medical services personnel tax credit of up to \$50 is available.

### **Line 50 Other Nonrefundable Iowa Credits**

Reminder: Form IA 148 Tax Credits Schedule must be completed and attached.

A custom farming contract tax credit can be awarded to landowners who hire a beginning farmer to do custom farm work.

**Line 53 Other Nonrefundable Iowa Credits Reminder:** Form IA 148 Tax Credits Schedule must be completed and attached.

An Iowa geothermal heat pump tax credit is available equal to 20% of the federal residential energy tax credit for installations of geothermal energy systems for residential property located in Iowa.  
**Line 53 Other Nonrefundable Iowa Credits Reminder:** Form IA 148 Tax Credits Schedule must be completed and attached.

An Iowa geothermal heat pump tax credit is available equal to 20% of the federal residential energy tax credit for installations of geothermal energy systems for residential property located in Iowa.

### **Line 55 Reminder - Checkoffs**

Fish & Wildlife Fund

Iowa State Fair Foundation

Combined: Veterans Trust Fund / Volunteer Firefighter Preparedness Fund

Child Abuse Prevention Program Fund

### **Line 60 Reminder - Iowa Earned Income Tax Credit**

This credit is 14% of the federal Earned Income Tax Credit. The Iowa EITC is refundable.

### **Line 61 Other Refundable Credits**

**Reminder:** Form IA 148 Tax Credits Schedule must be completed and attached.



### **Line 64 Taxpayers Trust Fund Tax Credit**

A taxpayers trust fund tax credit of \$54 is available for each taxpayer who files a 2013 Iowa 1040 return by October 31, 2014. The credit is limited to the lesser of the amount shown on line 63 or \$54.

### **Line 74 Interest Rate 2014**

5% per year; 0.4% per month; 0.013699% per day

### **OTHER NEWS**

The IA1040A, Iowa Individual Income Tax Short Form, is no longer available. All Iowa individual income tax filers must use form IA1040.

**DUE DATE:** April 30, 2014

**Farmers and fishers due date:** If at least 2/3 of income is from farming or commercial fishing, penalty for underpayment of estimated tax may be avoided in one of the following ways: (1) Pay the estimated tax in one payment on or before January 15, 2014, and file the Iowa income tax return by April 30, 2014, or (2) File the Iowa income tax return and pay the tax due in full on or before March 3, 2014.

### **Military**

- On our website: benefits and requirements, including information about extension of time for certain military personnel to file Iowa Income tax returns.
- See Step 1 for information on reporting county and school district numbers in Step 1.
- See our website for information on the Military Spouses Residency Relief Act.
- See our website for information on the Servicemember Civil Relief Act.
- Members of the armed forces, armed forces military reserve and the national guard in an active duty status can exclude pay received from the federal government for military service performed.

### **Payment Options:**

- **Direct Debit** payment with the income tax return.
- **ePay** (free direct debit) individual income tax estimated payments and final payment of individual income tax through the Department's online eFile & Pay system free of charge.
- **Credit / debit card:** Fee is charged by the third-party vendor. Our Web site has information and links.
- **Check / money order:** Send with IA 1040V payment voucher.
- **MoneyGram:** Pay with cash at MoneyGram locations.

### **Power of Attorney Form:**

The Federal Power of Attorney form or a Military Power of Attorney is accepted by the Iowa Department of Revenue. To be valid, the Federal or Military form must include a statement that it is applicable for Iowa purposes at the time it is executed. In the case of a previously executed Federal or Military Power of Attorney subsequently revised to apply for Iowa purposes, it must contain a written statement that indicates it is being submitted for use with State of Iowa forms and the statement needs to be initialed by the taxpayer.

Iowa allows married taxpayers to file one Iowa Power of Attorney form on behalf of both spouses. The IRS requires separate Power of Attorney forms for each spouse. If the Federal Power of Attorney is being used for Iowa purposes by married taxpayers, both federal forms must be submitted to Iowa.

### **Fillable Forms**

Many of the online forms on the Department website (<http://www.iowa.gov/tax/forms/loadform.html>) are fillable. If using Adobe Reader Version 11, the form can now be saved after it is filled out.

### **Supporting Documentation**

Do not attach supporting information to the IA 1040. Include all necessary supporting information, but do not staple to the return.

Place documents in the following order:

1. Check or Money Order
2. Payment Voucher (1040V)
3. W-2s/1099s
4. IA 1040
5. Schedules/copy of federal return.

# Iowa Individual Income Tax Expanded Instructions for Tax Year 2013

## BEFORE YOU BEGIN

Make sure you have received all W-2s, 1099s, and other tax documents needed to prepare your return.

## STEP 1 NAME AND ADDRESS

**IMPORTANT:** Enter your Social Security Number(s) in the appropriate boxes on the form. Otherwise we may not be able to process your return.

**FILING PERIOD.** If your filing period is other than calendar year 2013, enter the beginning and ending dates of your fiscal tax year on the line provided above the name and address boxes on the return.

**NAME AND MAILING ADDRESS.** Enter your name and mailing address on the tax return. If using a foreign mailing address in place of the domestic city, state, and ZIP, please include the foreign city, country and ZIP.

Please provide the Department with your updated address if you move after your return is filed. Send an email to: [IDRCA-Inc@iowa.gov](mailto:IDRCA-Inc@iowa.gov)

**NOTE:** the e-mail address entered will be used by the Department to provide updates on new electronic opportunities. It will NOT be used to request or provide confidential information without your authorization.

**IF YOU OR YOUR SPOUSE IS 65 OR OLDER** on 12/31/13: Check the box.

**COUNTY.** Enter the number of the county you lived in as of December 31, 2013.

**Nonresidents and part-year residents** who moved out of Iowa before December 31, 2013, should enter “00” as your county number.

**Part-year residents** who moved into Iowa should enter the number of the Iowa county in which you lived on December 31, 2013.

**Military personnel** should enter the county number of their Iowa residence, even if the service member is not physically present in Iowa on the last day of the tax year.

**SCHOOL DISTRICT NUMBER.** The district to enter is the one in which you lived on December 31, 2013. This is not necessarily the district where your children attended school. Even if you do not have children, you must enter this number.

Your voter registration card is a good reference for your school district.

A list of school districts by county can be found online. If the number on the return is not correct, make the correction directly on the tax return.

**Nonresidents:** Those who did not live in Iowa at all during 2013 should enter “0000” for the school district number. You are not subject to school district surtax on line 52.

**Part-year residents who moved into Iowa** should enter the Iowa school district in which you lived on the last day of 2013. You may be subject to school district surtax on line 52.

**Part-year residents who moved out of Iowa** before December 31, 2013, should enter “9999.” You are not subject to school district surtax on line 52.

**Military personnel** should enter the school district number of their Iowa residence, even if the service member is not physically present in Iowa on the last day of the tax year. You may be subject to school district surtax on line 52.

**HEALTH CARE COVERAGE (required entry):** In the box on the upper right corner of the return, indicate the number of dependent children claimed in Step 3 who do and do not have health care coverage as of December 31, 2013. Any dependent receiving care through Medicaid or *hawk-i* is considered to have health care coverage.

## STEP 2 FILING STATUS

Your filing status on the Iowa return is usually the same filing status as on your federal return. However, married taxpayers have the option of either filing jointly (status 2) or filing separately (statuses 3 or 4) on the Iowa return, no matter how they filed on the federal return.

**If you and your spouse both have income, you may pay less tax by filing status 3 or 4.**

### STATUS 1. SINGLE.

Check filing status 1 if you were unmarried, divorced, or legally separated on December 31, 2013, and do not meet the requirements for any other filing status. All single filers must answer the question, “Were you claimed as a dependent on another person’s Iowa return?” **If this question is not answered, you will be taxed as a dependent.**

### STATUS 2. MARRIED FILING JOINT RETURN.

Check filing status 2 if you are married and want to report your income, deductions, and exemptions together in one column. Both spouses must sign the return.

Please note:

- You must have been married on December 31, 2013, or
- If your spouse died in 2013 and you did not remarry during the year, you may file status 2, 3, or 4.

**Nonresidents and Part-year Residents** of Iowa who are married may file status 2, 3, or 4 for their Iowa return even if only one spouse had income from Iowa sources.

Does your spouse have debts that may be automatically paid (offset) with your refund? Be sure to read our Injured Spouse information.

### **STATUS 3. MARRIED FILING SEPARATELY ON COMBINED RETURN.**

Check filing status 3 if you are married and want to file separately on one return. If you receive a refund, it will be made payable to both spouses. Both spouses must sign the return.

**Taxpayers using filing status 3 or 4** may have to prorate (divide) certain items between them on the return. These items include federal income tax refunds, additional federal income tax paid, etc. This information is included with instructions for most lines of the return.

**NONRESIDENTS AND PART-YEAR RESIDENTS** of Iowa who are married may file status 2, 3, or 4 for their Iowa return even if only one spouse had income from Iowa sources.

**PLEASE NOTE:** If married taxpayers file a joint return or file separately on a combined return, both spouses are jointly and *severally liable* for the total tax due on the return, except when one spouse is considered to be an innocent spouse under criteria established pursuant to section 6015 of the Internal Revenue Code.

### **STATUS 4. MARRIED FILING SEPARATE RETURNS.**

Check filing status 4 if you and your spouse file separate tax returns. Write your spouse's Social Security Number, name, and net income in the spaces provided at the top of the return in Step 2. The processing of refunds, alternate tax calculations, and/or low-income exemptions will be delayed without this information or supporting schedules.

**Taxpayers using filing status 3 or 4** may have to prorate (divide) certain items between them on the return. These items include federal income tax refunds, additional federal income tax paid, etc. This information is included with instructions for each line of the return.

**Nonresidents and Part-year Residents** of Iowa who are married may file status 2, 3, or 4 for their Iowa return even if only one spouse had income from Iowa sources.

**Married Separate Filers:** Married taxpayers filing married filing separately on a combined return or married filing separate returns must use the combined income of both spouses in determining eligibility for exemption from tax.

If either spouse has a net operating loss that is carried back or forward, then the other spouse cannot use the low income exemption. If the spouse with the net operating loss chooses not to carry the loss back or forward, then the other can claim the low income exemption. A statement must be attached to the return saying that the spouse with the net operating loss will not carry it back or forward.

If one spouse itemizes deductions, then both spouses must itemize deductions, even if separate Iowa returns are filed.

### **STATUS 5. HEAD OF HOUSEHOLD.**

Check filing status 5 if you are filing as head of household for federal income tax purposes. If you have a qualifying person living with you who you did not claim as a dependent on this return, enter that person's name and Social Security Number. If you are filing as qualifying widow(er) with dependent child for federal income tax purposes, you cannot file as "head of household" on your Iowa return.

### **STATUS 6. QUALIFYING WIDOW(ER) WITH DEPENDENT CHILD.**

Check filing status 6 if you meet the federal filing requirements for qualifying widow(er).

## **STEP 3 EXEMPTIONS**

**YOU** (and spouse if married filing joint)

#### **a. Personal Credit.**

If you are filing single (filing status 1), married filing separately on a combined return (status 3) or married filing separate returns (status 4) or qualifying widow(er) (status 6), enter "1" in the "Personal Credit" space.

If you are filing married filing joint (status 2) or head of household (status 5), you are eligible for an extra credit and should enter "2" in the "Personal Credit" space.

Add the number of personal credits and multiply by \$40. Enter this amount on the \$ line.

**Note:** Dependents filing their own returns claim a \$40 personal exemption credit even if they are claimed as a dependent on another person's Iowa return.

#### **b. Additional Personal Credit. 65 or older and/or blind:**

**If you were 65 or older on or before January 1, 2014**, you may take an additional personal credit. **If your spouse was 65 or older on or before January 1, 2014**, and you are filing a joint return (status 2), you may take an additional personal credit for your spouse.

**If you were blind on or before December 31, 2013**, you may take an additional personal credit. **If your spouse was blind on or before December 31, 2013**, and you are filing a joint return (status 2), you may take an additional personal credit for your spouse.

Add the number of credits for 65 or older and blind and multiply by \$20. Enter this amount on the \$ line.

**c. Dependents: Consult IRS Publication 17 to learn who qualifies as a dependent.**

Enter the number of dependent children and other dependents you are claiming for federal income tax purposes. Add the number of dependent credits and multiply by \$40. Enter this amount on the \$ line.

The IRS determines whether or not a person is a dependent. The IRS has guidelines that also determines which parent/guardian can claim a dependent when separate returns are filed (such as in divorced parents). The Iowa Department of Revenue follows federal guidelines.

**Reminder:** In the box on the upper right corner of the return, you must indicate the number of these dependent children who do and do not have health care coverage as of December 31, 2013. Any dependent receiving care through Medicaid or *hawk-i* is considered to have health care coverage.

**d. Dependent Name(s).**

Enter the first name(s) of the claimed dependents. Also enter their last name(s) if different than yours.

**e. Total.**

Add the dollar amounts and enter on the TOTAL line and on line 43, column A.

**SPOUSE**

(Complete only if married filing separately on a combined return, filing status 3.)

**a. Personal Credit.**

Enter "1" in the first space and multiply by \$40. Enter \$40 on the \$ line.

**b. Additional Personal Credit.** 65 or older and/or blind:

**If your spouse was 65 or older on or before January 1, 2014,** your spouse may take an additional personal credit.

**If your spouse was blind on or before December 31, 2013,** your spouse may take an additional personal credit.

Add the number of credits for 65 or older and blind and multiply by \$20. Enter this amount on the \$ line.

**c. Dependents:**

Enter the number of dependent children and other dependents the spouse is claiming for federal income tax purposes. Add the number of dependent

credits and multiply by \$40. Enter this amount on the \$ line.

The IRS determines whether or not a person is a dependent. Consult IRS Publication 17 to learn who qualifies as a dependent.

The IRS has guidelines that also determines which parent/guardian can claim a dependent when separate returns are filed (such as in divorced parents). The Iowa Department of Revenue follows federal guidelines.

**Dependent Children Health Care Coverage.**

Reminder: In the box on the upper right corner of the return, you must indicate the number of these dependent children who do and do not have health care coverage as of December 31, 2013. Any dependent receiving care through Medicaid or *hawk-i* is considered to have health care coverage.

**d. Dependent Name(s)**

Enter the first name(s) of the claimed dependents. Also enter their last name(s) if different than yours.

**e. Total.**

Add the dollar amounts and enter on the TOTAL line and on line 43, column B.

**Married Separate Filers:** You may divide the number of dependents you claim between you and your spouse. However, you may not divide any one dependent between spouses. Each spouse must claim their own exemption credits and may not claim any unused part of their spouse's credit.

**STEP 4 GROSS INCOME**

If using filing status 3 (married filing separately on a combined return), complete both columns A and B of the IA 1040. All other filing statuses complete only column A (you or joint).

All taxpayers including nonresidents report income from *all sources* (unless specifically exempt, such as U.S. Treasury interest) for the entire year in this section.

NONRESIDENTS and PART-YEAR RESIDENTS must also complete Iowa Schedule IA 126. Report only **Iowa-source** income on the Schedule IA 126, lines 1-26. This schedule will result in a credit for the amount of tax based on income earned outside of Iowa.

**1. WAGES, SALARIES, TIPS, ETC.**

Report the same W-2 income as shown on your federal income tax return, including military income. See line 24 for allowable military adjustments.

**Note:** As a result of federal legislation, the nonresident military taxpayer does not include military pay on line 1 of the IA 1040 (nor is it reported on the IA 126). In general, this applies to



active duty military and does not include the National Guard or reserve personnel.

**Military Spouses:** Be sure to read our information on the Military Spouses Residency Relief Act.

**Married Separate Filers:** W-2 income is reported by the spouse earning the income.

## 2. TAXABLE INTEREST INCOME.

Include the same amounts of interest income reported on your federal return with the following modifications. Attach a copy of your federal or Iowa Schedule B if total Iowa taxable interest is more than \$1,500.

These lists are taken from Iowa rules 40.2 and 40.3

**A. Add interest from all state and municipal securities that you own.** Also include interest from state and municipal securities you receive from any trust or mutual fund.

However, interest from certain Iowa state and municipal securities is exempt from Iowa tax and should not be included on this line.

**The following securities are exempt:**

- Aviation Authority Bonds, Iowa Code section 330A.16
- Beginning Farmer Loan Program Bonds, Iowa Code section 175.17(10)
- Community College Bond Program Bonds, Iowa Code section 260C.71(6)
- Community College Residence Halls and Dormitories Bonds, Iowa Code section 260C.61
- County Health Center Bonds, Iowa Code section 331.441(2)“C”(7)
- E911 Emergency Telephone Service Program Bonds, Iowa Code section 34A.20(6)
- Interstate Bridges Bonds, Iowa Code section 313A.36
- Iowa Board of Regents Bonds for buildings and facilities, Iowa Code chapters 262.41, 262.51, 262.60, and 262A.8
- Iowa Higher Education Loan Authority, Iowa Code section 261A.27
- Iowa Municipality Urban Renewal Bonds, Iowa Code section 403.9(2)
- Iowa Rural Water District Revenue Bonds and notes, Iowa Code section 357A.15
- Low Income Housing Bonds, Iowa Code section 403A.12
- Prison Infrastructure Revenue Bonds, Iowa Code section 16.177(8)
- Regents Institutions Medical and Hospital Buildings at University of Iowa Bonds, Iowa Code section 263A.6

- Soil Conservation Districts Revenue Bonds, Iowa Code section 161A.22
- Quad Cities Interstate Metropolitan Authority Bonds, Iowa Code chapter 28A.24
- Sewage Treatment Works Revenue Bonds, Iowa Code section 16.131(5)
- Underground Storage Tank Fund Revenue Bonds, Iowa Code section 455G.6(14)
- Vision Iowa Program, Iowa Code section 12.71
- Warehouse Project Revenue Bonds, Iowa Code chapter 123.159
- IA Utilities Board and Consumer Advocate Building Bonds, IA Code section 12.91(9)
- Honey Creek Premier Destination Park Bonds, IA Code section 463C.12(8).
- School Infrastructure Program Bonds, IA Code section 12.81(8)
- Appropriation Bonds, IA Code section 12.87(8)

**B. Deduct interest received from federal securities** (for example U.S. Savings Bonds, U.S. Treasury Notes). Do not subtract interest from repurchase agreements of U.S. Government securities.

**The following are exempt:**

**a. United States Government obligations:** United States Treasury - Principal and interest from bills, bonds, and notes issued by the United States Treasury exempt under 31 USCS Section 3124[a].

1. Series EE/E, F, G, H, and I bonds
2. United States Treasury bills
3. U.S. Government certificates
4. U.S. Government bonds
5. U.S. Government notes

**b. Territorial obligations:**

1. Guam - Principal and interest from bonds issued by the Government of Guam (48 USCS section 1423[a]).
2. Puerto Rico - Principal and interest from bonds issued by the Government of Puerto Rico (48 USCS section 745).
3. Virgin Islands - Principal and interest from bonds issued by the Government of the Virgin Islands (48 USCS section 1403).
4. Northern Mariana Islands - Principal and interest from bonds issued by the Government of the Northern Mariana Islands (48 USCS section 1681(c)).

**c. Federal agency obligations:**

1. Commodity Credit Corporation - Principal and interest from bonds, notes, debentures, and other similar obligations issued by the Commodity Credit Corporation (15 USCS section 713a–5).
2. Banks for Cooperatives - Principal and interest from notes, debentures, and other obligations issued by Banks for Cooperatives (12 USCS section 2134).
3. Farm Credit Banks - Principal and interest from systemwide bonds, notes, debentures, and other obligations issued jointly and severally by Banks of the federal Farm Credit System (12 USCS Section 2023).
4. Federal Intermediate Credit Banks - Principal and interest from bonds, notes, debentures, and other obligations issued by federal Intermediate Credit Banks (12 USCS Section 2079).
5. Federal Land Banks - Principal and interest from bonds, notes, debentures, and other obligations issued by federal Land Banks (12 USCS section 2055).
6. Federal Land Bank Association - Principal and interest from bonds, notes, debentures, and other obligations issued by the federal Land Bank Association (12 USCS section 2098).
7. Financial Assistance Corporation - Principal and interest from notes, bonds, debentures, and other obligations issued by the Financial Assistance Corporation (12 USCS section 2278b–10[b]).
8. Production Credit Association - Principal and interest from notes, debentures, and other obligations issued by the Production Credit Association (12 USCS section 2077).
9. Federal Deposit Insurance Corporation (FDIC) - Principal and interest from notes, bonds, debentures, and other such obligations issued by the federal Deposit Insurance Corporation (12 USCS section 1825).
10. Federal Financing Bank - Interest from obligations issued by the federal Financing Bank. Considered to be United States Government obligations (12 USCS Section 2288, 31 USCS section 3124[a]).
11. Federal Home Loan Bank - Principal and interest from notes, bonds, debentures, and other such obligations issued by any federal Home Loan Bank and consolidated federal Home Loan Bank bonds and debentures (12 USCS section 1433).
12. Federal Savings and Loan Insurance Corporation (FSLIC) - Principal and interest from notes, bonds, debentures, and other such obligations issued by the federal Savings and Loan Insurance Corporation (12 USCS section 1725[e]).
13. Federal Financing Corporation - Principal and interest from notes, bonds, debentures, and other such obligations issued by the federal Financing Corporation (12 USCS section 2288(b)).
14. Financing Corporation (FICO) - Principal and interest from any obligation of the Financing Corporation (12 USCS sections 1441[e][7] and 1433).
15. General Services Administration (GSA) v Principal and interest from General Services Administration participation certificates. Considered to be United States Government obligations (31 USCS section 3124[a]).
16. Housing and Urban Development (HUD).
  - Principal and interest from War Housing Insurance debentures (12 USCS section 1739[d]).
  - Principal and interest from Rental Housing Insurance debentures (12 USCS section 1747g[g]).
  - Principal and interest from Armed Services Mortgage Insurance debentures (12 USCS section 1748b[f]).
  - Principal and interest from National Defense Housing Insurance debentures (12 USCS section 1750c[d]).
  - Principal and interest from Mutual Mortgage Insurance Fund debentures (12 USCS section 1710[d]).
17. National Credit Union Administration Central Liquidity Facility - Income from notes, bonds, debentures, and other obligations issued on behalf of the National Credit Union Administration Central Liquidity Facility (12 USCS section 1795k[b]).
18. Resolution Funding Corporation - Principal and interest from obligations issued by the Resolution Funding Corporation (12 USCS sections 1441[f][7] and 1433).
19. Student Loan Marketing Association (Sallie Mae) - Principal and interest from obligations issued by the Student Loan Marketing Association. Considered to be United States Government obligations (20 USCS Section 1087–2[1], 31 USCS section 3124[a]).
20. Tennessee Valley Authority - Principal and interest from bonds issued by the Tennessee Valley Authority (16 USCS section 831n–4[d]).
21. United States Postal Service - Principal and interest from obligations issued by the United States Postal Service (39 USCS section 2005[d][4]).
22. Treasury Investment Growth Receipts.

### 23. Certificates on Government Receipts.

**The following are not considered federal securities and are taxable:**

#### **Federal Agency Obligations:**

- Building and Loan Associations
- Credit Unions, federal or state
- Export-Import Bank of the United States
- Farmers Home Administration
- Federal Agricultural Mortgage Corporation (Farmer Mac)
- Federal Home Loan Mortgage Corporation (Freddie Mac) Securities
- Federal Housing Administration
- Federal income tax refunds, interest
- Federal National Mortgage Association
- Federal National Mortgage Association (Fannie Mae) Securities
- Government National Mortgage Association (Ginnie Mae) Securities
- Merchant Marine (Maritime Administration)
- Money Market Certificates
- Mortgage Participation Certificates
- Postal Savings Account
- Savings and Loan Associations, federal or State
- Small Business Administration

#### **Obligations of International Institutions:**

- Asian Development Bank
- Inter-American Development Bank
- International Bank for Reconstruction and Development (World Bank)

#### **Other Obligations:**

- Washington D.C. Metro Area Transit Authority

**Married Separate Filers:** Divide interest income based on ownership of the account or certificate.

- Jointly held: Divide equally between spouses.
- Held in the name of only one spouse: Allocate interest wholly to that spouse.

### **3. ORDINARY DIVIDEND INCOME.**

Include a copy of your federal or Iowa Schedule B if your Iowa taxable dividends are more than \$1,500. Report the same dividends as you reported on line 9A of your federal return with the following modifications:

- a. Add** all dividends from mutual funds, investment trusts, or regulated investment companies investing in state and municipal bonds.

- b. Deduct** that portion of any net dividends from a mutual fund, investment trust, or regulated investment company that is attributable to direct federal securities. You cannot take this deduction unless you are provided a statement from the fund giving the percentage of net dividends attributable to direct federal securities. A copy of the statement must be included with the return to take this deduction.

**Interest income from repurchase agreements** involving federal securities cannot be deducted.

**Married Separate Filers:** Divide dividends based on registered ownership of stock.

- Jointly held: Divide equally.
- Held in the name of only one spouse: Allocate dividends wholly to that spouse.

### **4. ALIMONY RECEIVED.**

Include the same alimony as shown on your federal return.

**Married Separate Filers:** Reported by the spouse who received the alimony.

### **5. BUSINESS INCOME/(LOSS)**

Report the net business income or loss from federal Schedule C or C-EZ. Include a copy of the federal form.

The IA 4562A may need to be completed if the taxpayer claimed the bonus depreciation/section 179 deduction on the federal return. For more information on bonus depreciation/section 179, see information on line 14.

If one spouse has a loss, the couple may want to determine if filing status 2 is to their advantage.

Schedule C filers may need an Iowa Sales Tax Permit. Businesses selling taxable products or performing taxable services must have a permit to properly charge sales tax to their customers. For more information, please review the Sales Tax Permit online training presentation on our Web site: [www.iowa.gov/tax](http://www.iowa.gov/tax).

**Married Separate Filers:** Reported by the spouse deriving the income or loss.

### **6. CAPITAL GAIN/(LOSS).**

Enter 100% of any capital gain or loss as reported on line 13 of your federal 1040. Do not subtract any Iowa capital gain deduction for certain business/farm assets/ESOP stock ONLY on this line; the Iowa capital gain deduction is taken on line 23 of the IA 1040.

Iowa tax law generally follows the federal guidelines on the exclusion of gain on the sale of a principal residence.

A copy of your federal Schedule D and Form 8949 (if applicable) must be included with this return if required for federal.

**Married Separate Filers:**

Taxpayers who filed separate federal returns should report capital gain or loss as reported for federal tax purposes.

If a joint federal return was filed, each spouse must report capital gain on the basis of ownership of the property sold or exchanged. The combined net capital gain or loss must be the same as reported on the joint federal return.

If a joint federal return was filed and both spouses have capital losses, each spouse may claim up to a \$1,500 capital loss plus any unused portion of their spouse's \$1,500 loss limitation. If both spouses are reporting capital losses, the sum of both spouses' losses may not exceed \$3,000.

**7. OTHER GAINS/(LOSSES).**

If you sold or exchanged assets used in a trade or business and completed federal form 4797, enter 100% of the gain or loss as shown on line 14 of the federal 1040. Include a copy of federal form 4797.

**Married Separate Filers:** Divide gains or losses based on ownership of the asset sold or exchanged.

**8. TAXABLE IRA DISTRIBUTIONS.**

Enter the amount of taxable IRA distributions as shown on your federal return.

Current traditional IRA owners may convert or "roll over" amounts from existing traditional IRAs to a Roth IRA. However, any taxable amounts that you transfer from an existing traditional IRA to a Roth IRA must be included as income for tax purposes.

**Note:** The pension/retirement income exclusion is not to be taken on this line. Qualified taxpayers will take the pension/retirement income exclusion on line 21 of the IA 1040.

**Married Separate Filers:** Taxable IRA distributions should be reported by the spouse whose name is on the account.

**9. TAXABLE PENSIONS AND ANNUITIES.**

The same amounts of pensions and annuities are taxable for Iowa as are taxable for federal.

If you are a state or local government employee who retired after December 31, 1994, your taxable pensions and annuities on your Iowa return may be different than on your federal return. In these cases, see the 1099-R issued by IPERS (Iowa Public Employees Retirement System), for the taxable amount.

Railroad Retirement benefits paid by the Railroad Retirement Board are not taxable on the Iowa return. These benefits should not be included on this line.

**The pension/retirement income exclusion is not taken on this line.** Qualified taxpayers will take the pension/retirement income exclusion on line 21 of the IA 1040.

**Married Separate Filers:** The taxable portion of pensions and annuities is reported by the spouse who received the income.

**10. RENTS, ROYALTIES, PARTNERSHIPS, ESTATES, ETC.**

Report the income or loss from federal Schedule E. Any modifications to federal partnership income and/or S corporation income should be shown on line 14 or line 24 of the IA 1040. Include a copy of federal Schedule E.

**Married Separate Filers:** Divide income or loss from Schedule E based upon ownership of the asset-producing income or partnership interest or individual named as beneficiary.

**11. FARM INCOME/(LOSS).**

Enter the income or loss from federal Schedule F. Include a copy with your Iowa return.

The IA 4562A may need to be completed if the taxpayer claimed the bonus depreciation/section 179 deduction on the federal return. For more information on bonus depreciation/section 179, see line 14.

**Married Separate Filers:** Farm income must be reported by the spouse who claims it for self-employment tax purposes on the federal Schedule SE.

If the other spouse claims a share of the farm income, then that spouse must attach a worksheet showing how that share was determined based on capital contribution, management and control, and services rendered.

**12. UNEMPLOYMENT COMPENSATION.**

Enter the amount of unemployment compensation benefits that was taxable on your federal return with the following modification:

- Do not include unemployment compensation and sickness insurance benefits paid by the Railroad Retirement Board.

**Married Separate Filers:** If both spouses received unemployment benefits, each of the spouses should report the benefits received as shown on the 1099-G for each spouse.



### 13. TAXABLE SOCIAL SECURITY BENEFITS.

Iowa does not tax Social Security benefits in the same manner as the Internal Revenue Service. To compute the amount of Social Security benefits that are taxable to Iowa, complete the worksheet below.

The worksheet below calculates the 2013 89% phase-out on Social Security benefits established by the Iowa Legislature. For more information, see the 2006 Legislative Summary for SF 2408-C on our Web site.

#### SOCIAL SECURITY WORKSHEET

1. Enter the amount from Box 5 of form(s) SSA-1099. If you filed a joint federal return, enter the totals for both spouses. Do not include Railroad Retirement benefits from form RRB-1099 here. ... 1. \_\_\_\_\_
2. Enter one-half of line 1 amount. .... 2. \_\_\_\_\_
3. Add amounts from the federal 1040 on lines 7, 8a, 9a, 10 through 14, 15b, 16b, 17 through 19, and 21, plus one-half of any Railroad Retirement Social Security benefits from RRB-1099.\* If filing federal 1040A, use lines 7, 8a, 9a, 10, 11b, 12b, and 13, plus one-half of any Railroad Retirement Social Security benefits from RRB-1099. Include any bonus depreciation/section 179 adjustment from line 14 of the Iowa 1040 to compute correct amount. .... 3. \_\_\_\_\_
4. Enter the amount from line 8b of your federal 1040 or 1040A. .... 4. \_\_\_\_\_
5. Add lines 2, 3, and 4. .... 5. \_\_\_\_\_
6. Enter total adjustments from federal 1040, lines 23 through 32, plus any write-in adjustments you entered on the dotted line next to line 36. If filing federal 1040A, use the total of lines 16 and 17. .... 6. \_\_\_\_\_
7. Subtract line 6 from line 5. .... 7. \_\_\_\_\_
8. Enter one of the following amounts based on the federal filing status used on form 1040 or 1040A. .... 8. \_\_\_\_\_
  - Single, head of household, qualifying widow(er): enter \$25,000.
  - Married filing joint: enter \$32,000.
  - Married filing separate: enter -0- if you lived with your spouse at anytime in 2013 or \$25,000 if you did not live with your spouse at any time in 2013.
9. Subtract line 8 from line 7. If zero or less, enter -0-. If line 9 is zero, none of the Social Security benefits are taxable. ... 9. \_\_\_\_\_
10. Enter one-half of line 9. .... 10. \_\_\_\_\_

11. Iowa Taxable Social Security benefits before Phase-out: Enter the smaller of line 2 or line 10. .... 11. \_\_\_\_\_
12. Iowa Taxable Social Security Phase-out: Multiply line 11 by 89% (.89). .... 12. \_\_\_\_\_
13. Iowa Taxable Social Security after Phase-out (Reduced Iowa Taxable Social Security): Subtract line 12 from line 11 and enter here and on line 13 of form IA 1040. .... 13. \_\_\_\_\_

**Bonus Depreciation / Section 179:** Iowa taxpayers who received Social Security benefits in 2013 and claimed bonus depreciation / section 179 on their federal returns may have to recompute their taxable benefits on the worksheet.

Those who need to recompute the taxable Social Security benefits should add the adjustment from line 5 of Schedule IA 4562A to the other amounts shown on line 3 of the Social Security Worksheet from the federal return and the RRB 1099. The rest of the form is then completed with the amounts normally used to complete the worksheet from the federal 1040 or 1040A.

**Include the following incomes or adjustments to income on line 3 if applicable. (These were excluded from federal AGI.):**

- foreign-earned income
- income excluded by residents of Puerto Rico or American Samoa
- proceeds from Savings Bonds used for higher education and
- employer-provided adoption benefits.

Although Railroad Retirement benefits are not taxable, one-half of the benefits received must be used to determine the amount of Social Security benefits that are taxable to Iowa. For purposes of determining taxable Social Security benefits, you must also include interest from federal securities.

#### Married Separate Filers:

- If both spouses received Social Security benefits, the taxable amount is allocated between the spouses in the ratio of the benefits received by one spouse to the total benefits received.
- If only one spouse received benefits, that spouse should report the portion of the benefits that is taxable.

#### 14. OTHER INCOME, GAMBLING INCOME BONUS DEPRECIATION/SECTION 179 ADJUSTMENT.

Enter taxable income not reported on lines 1-13.

Include an explanation of the type of income. Examples of income to be reported on line 14 include:

- a. **Baby-sitting income** not reported on federal Schedule C or C-EZ.
- b. **Bonus Depreciation adjustment** from the IA 4562A; include the IA 4562A and IA 4562B with your return.
- c. **Capital gain from installment sales in 2013:**  
Accrual-method taxpayers may now use the installment method for reporting capital gain on their Iowa returns.
- d. **College Savings Iowa (Iowa Educational Savings Plan Trust) or Iowa Advisor 529 Plan:** Income received from the cancelation of a participation agreement to the extent the amount was previously deducted on line 24 of the IA 1040.
- e. **Director's fees**
- f. **Drilling:** Intangible drilling costs that were reported on federal form 6251.
- g. **Executor's fees**
- h. **Gambling winnings:** You must report the full amount of gambling winnings. Report any tax withheld on line 65 of the IA 1040. Gambling losses may be reported as an itemized deduction on Schedule A, but you cannot deduct more than the winnings you report.
- i. **Partnership income and/or S corporation income:**  
Modifications that increase the income reported on line 10 of the IA 1040.
- j. **Refundable Iowa Credits** received in 2013 which were included as income on the federal 1040 must be added back.
- k. **Refunds:** State income tax refunds other than Iowa to the extent that the tax refunded in 2013 was deducted on a prior Iowa return.
- l. **Wells:** Percentage depletion from an oil, gas, or geothermal well that was reported on federal form 6251.
- m. **Other income** as reported on line 21 of the federal 1040.

##### **Married Separate Filers:**

The spouse to whom the income was paid must report that income. Modifications to partnership and/or S corporation income are allocated between spouses in

the same manner as that income was divided on line 10, IA 1040.

#### 15. GROSS INCOME.

Add lines 1 through 14 and enter the total.

#### STEP 5 ADJUSTMENTS TO INCOME

*All taxpayers* report adjustments from *all sources* in this section.

**Nonresidents and Part-year Residents** must also report **Iowa-source** adjustments to income on Schedule IA 126, lines 16-24.

#### 16. PAYMENTS TO AN IRA, KEOGH, or SEP.

Enter the amount claimed on your federal tax return for payments made to your IRA, Keogh Plan, SEP, SIMPLE, or Qualified Plans.

Payments made to a Roth IRA are not deductible.

##### **Married Separate Filers:**

- **If only one spouse has earned income**, that individual can contribute up to \$5,500 per year (\$6,500 if 50 or older) to an IRA account of the nonworking spouse and up to \$5,500 per year (\$6,500 if 50 or older) to an IRA account of the individual.  
  
When claiming the deduction between spouses, the working spouse will usually claim all of the deduction, not to exceed the federal limits for both spouses. However, if the nonworking spouse has any earned income, then the nonworking spouse must claim the deduction to the extent of his or her earned income. The working spouse will then claim the balance of the IRA contribution of both spouses.
- **If both spouses earned income and made contributions to an IRA account**, each spouse must claim his or her own contribution, not to exceed \$5,500 per spouse (\$6,500 if 50 or older).
- **If both spouses made contributions to an IRA but only a portion of the contribution is deductible on the federal return**, the amount of the IRA deduction that is allowed for federal income tax purposes must be allocated between the spouses in the ratio of the IRA contribution made by each spouse to the total IRA contribution made by both spouses.
- **For Keogh Plans, SEPs, SIMPLE, or Qualified Plans**, each spouse must claim his or her individual contributions.

## 17. DEDUCTIBLE PART OF SELF-EMPLOYMENT TAX.

Enter the amount of self-employment tax that was deductible on line 27 of your federal 1040 in computing federal adjusted gross income.

**Married Separate Filers:** The deduction is allocated in the ratio of self-employment tax paid by each spouse to the total self-employment tax paid.

## 18. HEALTH INSURANCE DEDUCTION.

It is typically to your advantage to take the deduction on line 18 instead of Schedule A, due to the Schedule A reduction of medical and dental expenses. Schedule A may not contain any health or dental insurance premiums which were used as a deduction on line 18.

Enter 100% of the amount paid for:

- health insurance premiums
- supplemental health insurance, such as Medicare B
- supplemental medical insurance and Medicare D
- voluntary prescription drug insurance program
- dental insurance premiums
- long-term nursing home coverage premiums

**NOTE:** The deduction must be reduced by the amount of any premium reimbursement from Health Reimbursement Arrangements (HRAs).

### Do NOT include

“Medicare tax withheld” on your W-2.  
pretax premiums

### About Pretax Premiums

This deduction is not available to individuals who have paid health or dental insurance premiums on a pretax basis. **Pretax occurs when** an employer subtracts the amount of the health or dental insurance premium from an employee’s gross wages before withholding federal and state income taxes. See your payroll department if you do not know whether or not your health or dental insurance was paid on a pretax basis.

### Married Separate Filers:

If one spouse is employed and has health or dental insurance premiums paid through his/her wages, that spouse will claim the entire deduction. If both spouses pay health or dental insurance premiums through their wages, each spouse will claim what that individual paid.

If both spouses have self-employment income, the deduction for self-employed health or dental insurance must be allocated between the spouses in the ratio of each spouse’s self-employment income to the total self-employment income of both spouses. If health or dental insurance premiums are paid directly by one spouse, that spouse will claim the entire deduction. If both spouses paid through a joint checking account, the deduction would be allocated between the spouses in

the ratio of each spouse’s net income to the total net income of both spouses. For this net income calculation, do not include line 18, the health or dental insurance deduction.

## 19. PENALTY ON EARLY WITHDRAWAL OF SAVINGS.

The form 1099-INT given to you by your bank or other savings institutions will show the amount of any penalty you were charged because you withdrew funds from your time savings deposit before its maturity. Enter this amount here. Include interest income from the time deposit on line 2 of the IA 1040.

**Married Separate Filers:** Divide the penalty amount between spouses based upon registered ownership of the time deposit.

- Jointly held: Divide the penalty equally between spouses.
- Held in the name of only one spouse: Allocate the entire penalty to that spouse.

## 20. ALIMONY PAID.

Enter the amount of alimony payments or separate maintenance payments that were deductible on your federal tax return.

**Married Separate Filers:** Only the spouse liable for these payments can deduct the alimony paid.

## 21. PENSION/RETIREMENT INCOME EXCLUSION.

If you or your spouse receive a pension, an annuity, a self-employed retirement plan, deferred compensation, IRA distribution or other retirement plan benefits, you may be eligible to exclude from Iowa income tax part or all of the retirement income that is taxable on your federal return. The Roth conversion income, included in net income, is eligible for this exclusion. Social Security benefits are **not** included.

The exclusion can be *up to* \$6,000 for individuals who file status 1, 5, or 6 and *up to* \$12,000 for married taxpayers who file status 2, 3, or 4. (If, for example, an individual has \$5,000 in pension/retirement income, the exclusion will be the actual \$5,000, not the maximum of \$6,000.)

To take this exclusion the pensioner or retirement income recipient must meet one of the following conditions:

- 55 years of age or older on December 31, 2013, or
  - disabled, or
  - a surviving spouse or a survivor having an insurable interest in an individual who would have qualified for the exclusion in 2013 on the basis of age or disability.
- A survivor other than the surviving spouse** is considered to have an “insurable interest” if the

survivor is a son, daughter, mother, or father of the annuitant or pensioner.

**Only the pension income of the spouse who meets the eligibility requirements can be shown on line 21.**

Please see examples below for further guidance.

**Example 1:** A married couple elected to file separately on the combined return form. One spouse was 52 years of age and received a pension income of \$20,000. The other spouse was 55 years of age and received no pension income. Since the spouse receiving the pension income was not 55 years of age, no exclusion is allowed on the Iowa return.

**Example 2:** A married couple elected to file separately on the combined return form. One spouse was 52 years of age and received a pension income of \$10,000. The other spouse was 55 years of age and received a pension income of \$8,000. Since only one spouse receiving the pension income was 55 years of age, an exclusion of \$8,000 is allowed on the Iowa return. The exclusion of \$8,000 is allowed since a married couple is allowed a combined exclusion of up to \$12,000.

**Example 3:** A married couple elected to file a joint return. One spouse was 52 years of age and received a pension income of \$10,000. The other spouse was 55 years of age and received a pension income of \$5,000. Since only one spouse receiving the pension income was 55 years of age, an exclusion of \$5,000 is allowed on the Iowa return.

**Example 4:** A spouse dies during the year at the age of 60 without receiving any pension income. The surviving spouse is not disabled, is 50 years old, and receives a pension from a previous employer. The surviving spouse is not eligible for any pension exclusion. Since the surviving spouse is the one receiving the pension income, the eligibility of the deceased spouse doesn't allow the survivor to take the exclusion.

Had the pension income been attributable to the deceased spouse, then the surviving spouse could take the exclusion.

**Example 5:** A 54-year old single filer receives \$5,000 pension income of a deceased parent. The deceased parent would have qualified for the pension exclusion. The 54-year old also receives pension income of their own in the amount of \$10,000. The 54-year old can take a pension exclusion in the amount of \$5,000 based upon their insurable interest in the parent who would have qualified.

**Example 6:** Same facts as Example 5, except the 54-year old is married and the amount of the parent's pension received is \$15,000. The 54-year old's spouse

does not meet the pension exclusion requirements either. The allowable pension exclusion is \$12,000.

**Married Separate Filers:** If both spouses have pension income, and both meet the eligibility requirements, the exclusion of up to \$12,000 is prorated between them in the ratio that each spouse's pension relates to the total pension received by both spouses. If only one spouse has pension income and meets the eligibility requirements, that spouse takes the entire exclusion of up to \$12,000. The spouse who has no pension income receives no exclusion.

## **22. MOVING EXPENSE DEDUCTION.**

Enter moving expenses incurred in 2013. Include a copy of federal form 3903.

**Married Separate Filers:** This deduction must be divided between spouses based on earned income received after their move. If one spouse can show that the move was made for that spouse, that spouse is entitled to the entire deduction.

## **23. IOWA CAPITAL GAIN DEDUCTION FOR CERTAIN BUSINESS / FARM ASSETS/ ESOP STOCK ONLY.**

This is a deduction of qualifying net capital gain realized in 2013. *Note:* Line 23 can be more than the net total reported on Schedule D. Unrelated losses are **not** to be included in the computation of the deduction. An example of an unrelated loss is the sale of common stock at a loss.

**NOTE:** This deduction is subject to review by the Iowa Department of Revenue.

Complete the Capital Gain Deduction Worksheet. The information on the worksheet will be needed to verify whether you qualify for the deduction. Other information, in addition to that shown on the worksheet, may also be required in some situations.

### **Definitions**

**“Lineal descendant”** means children of the taxpayer, including legally adopted children and biological children, stepchildren, grandchildren, great-grandchildren, and any other lineal descendants of the taxpayer.

**“Holding period”:**

**For Sales Before 2006:** In determining the 10-year holding period for eligibility for the Iowa capital gain deduction, the asset being sold had to be owned by the taxpayer for the immediately preceding 10 years to qualify for the deduction. In cases involving like-kind exchanges, inherited property or gifted property, the time period that the assets were owned may be different than the holding period determined for federal income tax purposes.



**For Sales in 2006 and subsequent years:** In determining the 10-year holding period for eligibility for the Iowa capital gain deduction, the federal holding period provisions set forth in section 1223 of the Internal Revenue Code and regulations adopted by the Internal Revenue Service will be used.

**“Material participation”** - Iowa follows federal guidelines for determining material participation for purposes of the capital gain deduction. Determining material participation can be a complex issue.

For further examples in addition to those below see Iowa Administrative Code 40.38.

The following are only a limited sampling of individuals in specific types of activities that may have unique problems or circumstances related to material participation in a business:

**1. Limited partners of a limited partnership.** The limited partners will not be treated as materially participating in any activity of a limited partnership except in a situation where the limited partner would be treated as materially participating under the material participation tests.

**2. Work not customarily done by owners.** Work done in connection with an activity is not treated as participation in the activity if both of the following apply:

Such work is not of a type that is customarily done by an owner of such activity; and

One of the principal purposes for the performance of such work is to avoid the disallowance of any loss or credit from such activity.

**3. Participation in a business by an investor.** Work done by an individual in the individual’s capacity as an investor in an activity is not considered to be material participation in the business or activity unless the investor is directly involved in the day-to-day management or operations of the activity or business.

**4. Cash farm lease.** A farmer who rents farmland on a cash basis will not generally be considered to be materially participating in the farming activity. The burden is on the landlord to show there was material participation in the cash-rent farm activity.

**5. Farm landlord involved in crop-share arrangement.** A farm landlord is subject to self-employment tax on net income from a crop-share arrangement with a tenant. The landlord is considered to be materially participating with the tenant in the crop-share activity if the landlord meets one of the four following tests:

TEST 1. The landlord does any three of the following: (1) Pay or be obligated to pay for at least half the direct costs of producing the crop; (2) Furnish at least half the tools, equipment, and livestock used in producing the crop; (3) Consult with the tenant; and (4) Inspect the production activities periodically.

TEST 2. The landlord regularly and frequently makes, or takes part in making, management decisions substantially contributing to or affecting the success of the enterprise.

TEST 3. The landlord worked 100 hours or more spread over a period of five weeks or more in activities connected with crop production.

TEST 4. The landlord has done tasks or performed duties which, considered in their total effect, show that the landlord was materially and significantly involved in the production of the farm commodities.

**6. Conservation reserve payments.** Farmers entering into long-term contracts providing for less intensive use of highly erodible or other specified cropland can receive compensation for conversion of such land in the form of an “annualized rental payment.” Although the CRP payments are referred to as “rental payments,” the payments are considered to be receipts from farm operations and not rental payments from real estate.

If an individual is receiving CRP payments and is not considered to be retired from farming, the CRP payments are subject to self-employment tax. If individuals actively manage farmland placed in the CRP program by directly participating in seeding, mowing, and planting the farmland or by overseeing these activities, the owner will be considered to have had material participation in the farming activity.

**7. Rental activities or businesses.** The general rule is that a taxpayer who actively participates in a rental activity or business which would be considered to have been material participation in another business or activity would be deemed to have had material participation in the rental activity unless covered by a specific exception. For example, the exceptions for farm rental activities in numbered paragraphs “4,” “5,” and “6” immediately above. Rental activity or rental business has the same meaning as the term is used in section 469(c) of the Internal Revenue Code. Examples of qualifying involvement in operations of the property that are considered material participation activities include advertising, interviewing potential tenants, preparing leases, collecting rent, handling security deposits, receiving questions and complaints from tenants, and performing routine maintenance.

EXAMPLE. Ryan Stanley is an attorney who has owned two duplex units since 1991 and has received rental income from these duplexes since 1991. Mr. Stanley is responsible for the maintenance of the duplexes and may hire other individuals to perform repairs and other upkeep on the duplexes. However, no person spends more time in maintaining the duplexes than Mr. Stanley, and Mr. Stanley spends more than 100 hours per year in maintaining the duplexes, renting the duplexes, showing potential tenants the duplexes, taking rents, taking calls and answering questions of tenants. The duplexes are sold in 2013, resulting in a capital gain. Mr. Stanley can claim the capital gain deduction on the 2013 Iowa return since he met the material participation requirements for this rental activity, since he spent more than 100 hours per year in the material functions of the rental activity.

### **Qualifying capital gain results from the sale of the following:**

- a. Real property used in a business in which the taxpayer materially participated for 10 years immediately prior to the sale, and which has been held for a minimum of 10 years immediately prior to its sale.
- b. A business in which the taxpayer was employed or in which the taxpayer materially participated for 10 years and which has been held for a minimum of 10 years immediately prior to its sale. The sale of a business means the sale of all or substantially all of the tangible personal property or service of the business which is intangible personal property such as client lists, goodwill, patents, trade names, and similar items. This means that the sale of the assets of a business during the tax year must represent at least 90% of the fair market value of all of the tangible personal property of the business on the date of sale of the business assets. Sale to an individual who is a lineal descendent of the taxpayer eliminates the requirement for material participation.
- c. Cattle and horses used for breeding, draft, dairy, or sporting purposes and held for 24 months by the taxpayer who received in excess of 50% of his or her gross income from farming and ranching. Sale to an individual who is a lineal descendent of the taxpayer eliminates the requirement to have in excess of 50% of gross income from farming and ranching.
- d. Breeding livestock, other than cattle and horses, held for 12 months by the taxpayer who received in excess of 50% of his or her gross income from farming or ranching. Sale to an individual who is a lineal descendent of the taxpayer eliminates the requirement to have in excess of 50% of gross income from farming and ranching. *Note:* The cattle, horses, and other

livestock that are excluded from taxation are the sales of the same classes of livestock that qualify for capital gain treatment under section 1231 of the Internal Revenue Code.

- e. Timber held by the taxpayer for more than one year. Timber includes evergreen trees, such as Christmas trees, that are more than six years old at the time they are cut and sold for ornamental purposes. "Timber" means timber that qualifies for capital gain treatment under section 1231 of the Internal Revenue Code.

**The sales of items "a" through "e" by partnerships, subchapter S corporations, and LLCs**, where the capital gain flows through to the owners of the entities for federal income tax purposes are eligible for the 100% capital gain deduction in cases where the owners meet the qualifications for ownership and material participation. However, sales of the same items by a C corporation do not qualify for the capital gain deduction except when the capital gain from the sales of the corporation's assets are reported by the shareholders due to a liquidation of the corporation. The liquidation must be recognized as a sale of assets under section 331 of the Internal Revenue Code. The shareholders must meet the qualifications for ownership and material participation.

### **ESOP Stock**

Gains from the sale of stocks or bonds DO NOT qualify for the deduction, with the following exception: effective with tax year 2012, 50% of the gain from the sale/exchange of employer securities of an Iowa corporation to a qualified Iowa employee stock ownership plan (ESOP) may be eligible for the Iowa capital gain deduction. To be eligible, the Iowa ESOP must own at least 30% of all outstanding employer securities issued by the Iowa corporation after completion of the transaction.

### **Non-Qualifying Capital Gain**

Capital gain from the sales of stocks other than ESOP stock, bonds, and investment property does not qualify for the capital gain deduction even if sold to lineal descendants of the owners of the property. Non-farm rental property may qualify. The federal guidelines apply for determining material participation for investment property. Capital gain from the sale of real property held for 10 or more years for speculation, but not used in a business, does not qualify for the deduction.

If the sale of the assets of a business involves the sale of merchandise or inventory of a business, proceeds from these sales do not qualify for the capital gain deduction.

Capital gain from the sale of capital stock other than ESOP stock of an Iowa corporation or capital gain from the sale of an ownership interest in a partnership, limited liability company, or other business entity does not constitute a qualifying sale of a business for purposes of the capital gain deduction.

### **Installment Sales**

In the case of installment sales of qualified real property and installment sales of businesses where the selling price of the business assets is paid to the seller in more than one year, only installments received in the 2013 tax year qualify for this deduction on the 2013 return.

In the case of an installment sale of a business which was made in a year prior to 1998, only installments received in 1998 or in subsequent tax years will be exempt from income tax in cases where the taxpayer at the time of the installment sale had met conditions that would exempt the net capital gain from tax, if the installment sale had occurred in 1998 or later. Accrual-method taxpayers: See instructions for line 14 of the IA 1040.

### **Net Operating Losses**

For tax years beginning on or after January 1, 1998, the capital gain deduction otherwise allowable is not allowed in computing a net operating loss (NOL) deduction for purposes of carrying the net operating loss deduction to another tax year. Further, when applying an NOL from tax year 1998 or later, the capital gain deduction is not allowed in the carryback or carryover tax year and must be added back to that year's income to the extent of the NOL.

**Married Separate Filers:** Divide the capital gain deduction based on ownership of the asset.

- Jointly held: Divide equally between spouses.
- If other than jointly held: Divide between spouses based on percentage of ownership.

## **24. OTHER ADJUSTMENTS.**

Enter the total of other allowable adjustments as described below. Include an explanation for each adjustment. Do not include any deduction for the small business health insurance tax credit that was not allowed as a deduction on the federal return.

### **a. Accrual method:**

Taxpayers who had capital gains in 2013 that were reported on the installment method for federal tax purposes and the entire gain was reported for Iowa in a prior year do not have to report installments.

### **b. Active Duty Military Pay:**

Members of the armed forces, armed forces military reserve and the national guard in an active duty status

can exclude pay received from the federal government for military service performed., to the extent it was included in line 15, Gross Income.

### **c. Alternative motor vehicle deduction:**

Alternative motor vehicle deduction of \$2,000 for those completing federal form 8910 (Alternative Motor Vehicle Credit)

The Internal Revenue Service certifies whether or not a vehicle qualifies.

A complete list of vehicle models that have been certified for the Alternative Motor Vehicle Credit can be seen on the IRS Web site.

### **d. Capital gain from installment sales reported on the 2001 Iowa return using the accrual method:**

The installment method for reporting capital gain for accrual accounting taxpayers is adopted for Iowa individual income tax purposes for tax years beginning on or after January 1, 2002. However, if you used the accrual method of accounting and reported the entire capital gain on the 2001 Iowa return which was reported on the installment method for federal tax purposes, deduct the amount reported of any additional installments from that capital gain on this line.

### **e. Capital or ordinary gain from involuntary conversion related to eminent domain:**

An exclusion of both capital gain and ordinary gain is available for individual income taxpayers relating to capital or ordinary gain income realized by a taxpayer as a result of the involuntary conversion of property due to eminent domain. Eminent domain relates to the authority of certain government agencies or instrumentalities of government to condemn private property for any public improvement, public purpose, or other public use.

If there is no ordinary or capital gain recognized for tax purposes because the converted property is replaced with property that is similar to, or related in use to, the converted property, there is no exclusion allowed for Iowa tax purposes until the remaining gain is recognized for federal tax purposes or until the time of disposition of the replacement property. Any exclusion allowed for Iowa tax purposes does not alter the basis of the property as established for federal tax purposes, so the basis will remain the same for both federal and Iowa tax purposes.

### **f. Claim of Right Deduction:**

If income was repaid in the 2013 tax year and was reported and taxed on a prior Iowa return, that income may be deducted on the 2013 tax return. However, it may be to your advantage to take a credit on line 61.



You may take either the deduction on this line or take a credit on line 61, but not both.

**Example of Claim of Right Deduction:** A taxpayer reported \$7,000 in unemployment benefits on the 2010 Iowa return. In early 2013 the taxpayer was notified that \$4,000 of the unemployment benefits had to be repaid. The benefits were repaid by the end of 2013. The taxpayer may claim a \$4,000 income adjustment on line 24 of the 2013 Iowa return.

**g. College Savings Iowa Advisor 529 Education Savings Plans:**

If you or your spouse participate in the College Savings Iowa 529 Plan (Iowa Educational Savings Plan Trust) or the Iowa Advisor 529 Plan, each may deduct an amount contributed not to exceed \$3,045 per beneficiary. These are Iowa Section 529 Plans. **Please note:** A rollover from another state's 529 plan qualifies toward the deduction for Iowa income tax.

**h. Disability income exclusion:**

You may exclude from Iowa tax a portion of the disability pay you received in 2013 if you meet ALL of the following conditions:

- You received disability pay, and
- You were not yet 65 when your tax year ended, and
- You retired on disability and were totally and permanently disabled when you retired, and
- On January 1, 2013, you had not yet reached the age when your employer's retirement program would have required you to retire.

If you meet all of these conditions, obtain form IA 2440. You MUST complete form IA 2440 to take this exclusion. A doctor's statement must accompany each year's return attesting to the taxpayer's complete and permanent disability.

**i. Domestic production activities deduction** from line 35 of the federal 1040:

Iowa allows the deduction for qualified production activities income set forth in section 199 of the Internal Revenue Code for tax periods beginning on or after January 1, 2005.

**j. No Adjustment Currently Assigned to "j."**

**k. Employer Social Security Credit from federal return:** If your business was in the food or beverage industry and you claimed a credit for a portion of employer Social Security tax on employee tips, you may claim a deduction on line 24 for this credit.

**l. Federal Alcohol Fuel & Cellulosic Biofuel Credit from federal return:** If you claimed an Alcohol Fuel Credit on your federal tax return, enter the amount of

your Alcohol Fuel Credit here and attach a copy of federal form 6478.

**m. Foreign-earned income exclusion and/or foreign housing deduction** from federal form 2555 or form 2555EZ.

**n. Gains or losses from distressed sale transactions** If you need information, e-mail our tax specialists at [idr@iowa.gov](mailto:idr@iowa.gov).

**o. Health savings account deduction** from line 25 of the federal 1040.

**p. Injured veterans program, contributions to** (do not put on IA Schedule A) An injured veteran's grant program is available under the Iowa Department of Veteran Affairs. Money appropriated for these grants will be given to veterans injured in a combat zone after September 11, 2001. The grants cannot exceed \$10,000 per injured veteran. The Department of Veteran Affairs may also receive money from any public or private source for purposes of providing grants to injured veterans.

A deduction is allowed for the amount paid by a taxpayer to the Department of Veteran Affairs for the purposes of providing grants to the injured veterans grant program. Do not claim these amounts on the Iowa Schedule A.

**q. Injured veterans program, grants from**

The amount of Department of Veteran Affairs grant money received by an injured veteran that is included in the veteran's federal adjusted gross income is not included in the veteran's Iowa net income.

**r. In-home health care:**

To the extent included in Iowa gross income, deduct any state Supplementary Assistance payments received for unskilled in-home health-related care services to a family member.

**s. Iowa Veterans Trust Fund:**

Income from the Iowa Veterans Trust Fund for the following items can be excluded from Iowa individual income tax:

- Travel expenses directly related to follow-up medical care for wounded veterans and their spouses.
- Unemployment assistance during a period of unemployment due to prolonged physical or mental illness or disability resulting from military service.

**t. Military exemptions:**

See military information beginning on page 52.

**u. Net operating loss, Iowa:**

**Residents:** Enter any Iowa net operating loss carryforward from the prior year and attach the supporting schedule.



**Nonresidents:** Enter any Iowa-source net operating loss carryforward on your Schedule IA 126.

Nonresidents do not enter net operating losses on the IA 1040 return.

See Iowa Net Operating Loss Worksheet for additional information on the carryback provision.

**v. Organ transplant expenses:**

A deduction in computing Iowa adjusted gross income is not allowed for taxpayers for unreimbursed expenses relating to a human organ transplant. The taxpayer, while living, who donates all or part of a designated human organ can claim a deduction for unreimbursed expenses such as travel expenses, lodging expenses, and lost wages.

The deduction is limited to \$10,000, and a taxpayer can only claim this deduction once. If a taxpayer claims this deduction for Iowa tax purposes, the taxpayer cannot also claim these same unreimbursed expenses as an itemized deduction for medical expenses on the Iowa return.

**w. Partnership income and/or S corporation income (including Biodiesel Production Refund):**

Enter modifications that decrease the income reported on line 10 of the IA 1040.

Any biodiesel production refund received is not included as income for Iowa individual income tax purposes.

**x. Segal Americorps Education Award Payments:**

Federal Segal Americorps education award payments are excluded from Iowa individual income tax.

**y. Speculative shell buildings:**

If you are the owner of a qualifying speculative shell building, enter the difference between the depreciation taken on this building on your federal return and the depreciation that you could take under the accelerated cost recovery system of the Internal Revenue Code if the building were classified as 15-year property. Include a worksheet showing this calculation.

**z. Student Loan Interest Deduction from federal return:**

Enter the same figure that is allowed on your federal 1040, line 33, or line 18 of federal 1040A.

**aa. Victim compensation awards (SF 70)**

To the extent included in federal adjusted gross income, the following items can be excluded from Iowa adjusted gross income for individual income tax:

- Amounts of victim compensation awards paid under the victim compensation program administered by the Department of Justice under Iowa Code section 915.81
- Amounts of victim restitution payments received pursuant to Iowa Code chapters 910 and 915
- Amounts of damages awarded by a court, and received by a taxpayer, in a civil action filed by the victim against an offender

**bb. Wages paid to certain individuals:**

If you operate a business, you may qualify for an additional deduction of 65% of the wages paid in the first 12 months up to a maximum deduction of \$20,000 per qualifying new employee. This deduction is in addition to the wage deduction you were allowed on federal Schedule C. To qualify, the new employee(s) must be disabled or an ex-offender on parole, probation, or in a work release program. All types of businesses may qualify for this deduction for hiring qualifying ex-offenders. However, the deduction for hiring qualifying persons with disabilities is restricted to certain small businesses.

Further information is available in the following online publications:

- Benefit for hiring ex-offenders
- Benefit for hiring persons with disabilities

**cc. Work Opportunity Credit:**

If you claimed a Work Opportunity Credit on your federal income tax return, enter the amount here.

**dd. Other Federal Adjustments:**

Other Federal Adjustments prior to the calculation of federal 1040 line 38 (federal AGI) not already taken on the IA 1040.

**ee. Educator Expense**

Enter out-of-pocket teacher expenses as allowed on the federal 1040. A deduction is allowed for up to \$250 annually of expenses incurred by teachers, instructors, counselors, principals, etc., for books, supplies, computer equipment and materials used in the classroom.

**ff. Tuition and Fees Deduction**

Enter the amount from the federal 1040 or federal 1040A.

NOTE: This deduction can only be taken on the Iowa return if the same deduction was taken for federal tax purposes - if the federal Lifetime Learning or American Opportunity credits were taken in lieu of the deduction, no deduction is allowed on the IA1040 even though those credits are not allowed for Iowa purposes.

### Married Separate Filers:

- When the adjustment is attributable to a specific spouse, it is taken by that spouse.
- When the adjustment is not attributable to any one spouse, it must be prorated based on the net income amounts on line 26. Calculate through line 26 as if the adjustment in question were excluded.
- If the adjustment is attributable to a dependent, such as the tuition and fees deduction, it is prorated based on net income before the adjustment in question.

### 25. TOTAL ADJUSTMENTS.

Add lines 16 through 24.

### 26. NET INCOME.

Subtract line 25 from line 15 and enter the result.

### QUALIFICATIONS FOR EXEMPTION FROM TAX

If you qualify for the low income exemption as explained below, enter the words "low income exemption" in the area to the left of your net income figure on line 26. Enter zero on line 53 and complete the remainder of the return.

**Even if you owe no tax, you must file an income tax return to get a refund** of any refundable Iowa credits or any Iowa tax withheld. If you are exempt from tax, you may want to change your IA W-4 form with your employer to eliminate state withholding from your wages.

**The following income must be included** when determining if you are eligible for the \$9,000 exemption or the \$13,500 exemption (**\$24,000 or \$32,000 if 65 or older on 12/31/13**).

- a. The incomes of both husband and wife must be combined to determine if you meet this exemption from tax.
- b. The amount of any pension exclusion that is taken on line 21 of the IA 1040.
- c. Any Social Security Phase-out amount from line 13 of the Social Security Worksheet.
- d. Any amount of lump-sum distribution separately taxed on federal form 4972.
- e. Any net operating loss carryover.

### FILING STATUS 1, SINGLE:

If you are using filing status 1 (single), you are exempt from Iowa tax if you meet either of the following conditions:

- a. Your net income from all sources, line 26, is \$9,000 or less and you are not claimed as a dependent on another person's Iowa return. (**\$24,000 if you are 65 or older on 12/31/13**)

- b. Your net income from all sources, line 26, is less than \$5,000 and you are claimed as a dependent on another person's Iowa return.

### ALL OTHER FILING STATUSES:

If you are filing married filing jointly, married filing separately on a combined return, head of household, or qualifying widow(er), you are exempt from Iowa tax if you meet the following condition:

- a. Your net income from all sources, line 26, is \$13,500 or less and you are not claimed as a dependent on another person's Iowa return. (**\$32,000 if you or your spouse is 65 or older on 12/31/13**)

### Nonresidents and Part-year Residents

In addition to the exemption provisions above, if you were a nonresident or part-year resident and had net income from Iowa sources of less than \$1,000 (see note below), you are exempt from Iowa tax. To review instructions for "Iowa-source income," see the instructions for lines 1-26 of the IA 126. If you had Iowa tax withheld and are requesting a refund, or choose to file an Iowa return even though you aren't required to do so, you must complete the entire IA 1040 and the entire IA 126.

**NOTE:** If you were a nonresident or part-year resident and subject to Iowa lump-sum tax or Iowa minimum tax (even if Iowa-source income is less than \$1,000), you are required to file an Iowa return reporting the lump-sum and/or minimum tax even if you have no regular Iowa income tax liability.

**Illinois residents:** See reciprocal agreement information.

**Military spouses** please see the information on the Military Spouses Residency Relief Act.

### Married Separate Filers:

Married taxpayers filing married filing separately on a combined return or married filing separate returns must use the combined income of both spouses in determining eligibility for exemption from tax.

If either spouse has a net operating loss that is carried back or forward, then the other spouse cannot use the low income exemption. If the spouse with the net operating loss chooses not to carry the loss back or forward, then the other can claim the low income exemption. **A statement must be included with the return saying that the spouse with the net operating loss will not carry it back or forward.**

## STEP 6 FEDERAL TAX ADDITION AND DEDUCTION

### 27. FEDERAL INCOME TAX REFUND / OVERPAYMENT RECEIVED IN 2013.

**If you received a refund of federal income tax during 2013**, you must report the amount on this line. It must be reported even if you used the standard deduction on the prior year's Iowa return. The federal refund must be included on this line because you benefited from being able to deduct federal taxes on the prior year's Iowa return, which reduced your Iowa taxable income for that year. The amount reported on this line should not exceed the total amount of any federal tax deduction taken on the prior year(s) Iowa return.

**Include the following:**

- The refund you received from your 2012 federal tax return.  
To find the amount you received, check your records or call the IRS at 1-800-829-1040. This information is not available from the Iowa Department of Revenue.
- Any refunds received in 2013 for other years that were amended or filed late.
- Any portion of the federal refund received due to the Motor Fuel Tax Credit must be reported on the Iowa return.

The amount of any federal First-time Homebuyer Credit repayment. For example, if a taxpayer received a \$2,000 refund on their 2012 federal return and repaid \$500 of the homebuyer credit, they must enter \$2,500 on line 27 of the 2013 Iowa return.

**If you chose to have any part of an overpayment of federal income tax credited to estimated tax payments for 2013**, the amount should be claimed as 2013 estimated tax paid on line 32. The total federal overpayment must also be reported on line 27.

**Do NOT include the federal refund in the following situations:**

- **Do not include any part of the refund received from:** Earned Income Tax Credit, Additional Child Tax Credit, First-time Homebuyer Credit, Existing Homebuyer Credit, Refundable Education Credit, or Adoption Tax Credit.
- **You moved to Iowa in 2013:** You are filing an Iowa return for 2013 for the first time because you moved into Iowa during the year. A refund of federal tax received in 2013 is not reported if the tax was not deducted from Iowa income in a prior year.

- **You were a nonresident:** You were a nonresident for the tax year of the refund and were not required to file an Iowa return for that year.

**You did not deduct federal tax in the refund year:**

The refund you received was from a year in which you did not take a deduction for the payment of federal tax because your income was less than the minimum amount for paying Iowa tax or your tax for that year was calculated using the alternate tax computation.

**Married Separate Filers:**

If the refund received in 2013 was from a jointly-filed federal return, it must be divided between spouses in the ratio of the spouses' net incomes in the year for which the refund was issued.

Example: A 2012 federal refund received in 2013 would be prorated using the spouses' net incomes from the 2012 Iowa return.

NOTE: For purposes of reporting on line 27, the refund must be prorated in this manner even if the refund itself was divided between spouses in some other way, either by mutual agreement or other requirement.

**Example of how to prorate:**

Your income is \$10,500  
Spouse's income is \$15,500  
Total: \$26,000  
Federal refund: \$1,200

Divide your income by total income: \$10,500 divided by \$26,000 = 40%

The spouse's income is, therefore, 60% of their combined income.

In this example, line 27 is \$720 (60%) of the federal refund for the spouse, and \$480 (40%) of the federal refund for you.

### 28. SELF-EMPLOYMENT / HOUSEHOLD EMPLOYMENT TAXES.

- a. **Federal self-employment tax** is not allowed as a deduction for federal taxes in this step of the Iowa return (see line 17 for partial deductibility as an adjustment to income). If any part of the federal tax payments on lines 31, 32, or 33 includes self-employment tax, then the self-employment tax must be added back on line 28.

The 0.9% Medicare tax is not considered a federal income tax and is, therefore, not deductible on the Iowa return. Taxpayers can deduct their entire withholding amount on line 31, but the self-employment tax portion must be added back on line 28.

- b. **Federal household employment taxes** are not allowed as a deduction for federal taxes on the Iowa return. If any part of the federal tax payments on lines

31, 32, or 33 include federal household employment taxes, then the federal household employment taxes must be added back on line 28.

It is acceptable to report on line 28 either the current year's self-employment/household employment tax or the prior year's, as long as the reporting method is consistent from one year to the next.

**Married Separate Filers:** Each spouse must claim his or her own federal self-employment tax. The household employment taxes are divided between spouses in the ratio of their respective net incomes.

## 29. ADDITION FOR FEDERAL TAXES.

Add lines 27 and 28 and enter the total. If no federal refund or self-employment / household employment tax is reportable to Iowa, enter zero.

## 30. TOTAL.

Add lines 26 and 29.

## 31. FEDERAL TAX WITHHELD.

Enter the amount(s) listed in the box labeled "Federal income tax withheld" on the W-2 or 1099 form(s) that you received.

The 0.9% Medicare tax is not considered a federal income tax and is, therefore, not deductible on the Iowa return. Taxpayers can deduct their entire withholding amount on line 31, but the self-employment tax portion must be added back on line 28.

**Married Separate Filers:** Each spouse may claim only his or her own federal income tax withheld.

## 32. FEDERAL ESTIMATED TAX PAYMENTS MADE IN 2013.

Enter the federal estimated income tax payments made in 2013. Include any overpayment applied from your 2012 federal income tax. The overpayment must also be included on line 27. You can deduct only the federal estimated income tax payments made during calendar year 2013. Federal tax includes the tax on net investment income under section 1411(a) of the Internal Revenue Code. The 0.9% Medicare tax is not considered a federal income tax and is, therefore, not deductible on the Iowa return.

For example, include a federal estimated income tax payment for 2012 paid in January 2013, but not an estimated tax payment for 2013 paid in January 2014.

**Married Separate Filers:** All federal estimated tax payments made in 2013 are divided between spouses in the same ratio as their incomes not subject to federal withholding for the 2013 tax year.

## 33. ADDITIONAL FEDERAL TAX PAID IN 2013.

**A.** Enter the amount of additional federal income tax paid during 2013 for tax year 2012 and any other years before 2012. The amount of additional federal income tax paid is deductible only if Iowa income tax returns were required to be filed for the year for which the additional federal income tax was paid. **Include only the actual federal tax payments made in 2013, but DO NOT include the following:**

- penalties
- interest
- excise tax on early withdrawal of qualified plans
- federal First-time Homebuyer Credit repayment

**REFUNDABLE CREDITS** on the federal 1040 may be included on IA 1040, line 33, to the extent federal income tax was paid by applying the federal refundable credits, such as:

- Earned Income Tax Credit
- Additional Child Tax Credit
- Others

Any refundable federal credits that reduce federal income tax liability are allowed as a federal tax deduction — up to the amount of the federal tax paid by the refundable credits — on the Iowa return.

In determining the order of applying the refundable federal tax credits, the federal Earned Income Tax Credit (EITC) should be applied first, followed by the Additional Child Tax Credit, and then any other refundable federal credits.

### EXAMPLE:

The following example illustrates how a refundable federal Earned Income Tax Credit (EITC) on a timely-filed 2012 federal 1040 may affect line 33 of the 2013 Iowa return.

#### FIRST: Federal Tax Liability For Tax Year 2012

Taxpayer's Federal Tax Liability for Tax Year 2012:	\$ 2,000
Subtract Taxpayer's Federal Withholding:	<u>— 500</u>
Taxpayer's Unpaid Federal Tax Liability for Tax Year 2012:	1,500

#### SECOND: Apply EITC To Unpaid Federal Income Tax Balance

Federal EITC Calculated by Taxpayer for Tax Year 2012:	\$ 2,500
Subtract the \$1,500 Federal in Federal Income Tax the Taxpayer Still Owes for Tax Year 2012:	<u>— 1,500</u>

Taxpayer Will Receive a Federal Refund of EITC:	\$ 1,000
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**THIRD:** Line 33 On Iowa Return For 2013

33. Additional federal tax paid in 2013  
for Tax Year 2012 \$ 1,500

The \$1,500 federal tax liability paid by EITC for Tax Year 2012 is deductible on the 2013 Iowa return.

**Married Separate Filers:** The additional federal tax paid must be divided between the spouses in the ratio of the spouses' Iowa net incomes for the prior years for which they paid additional federal income tax.

FICA payments in excess of \$7,049.40 for Social Security tax for each person and the Motor Fuel Tax Credit from the 2013 federal return can be deducted as a federal tax payment on line 33. Any excess FICA tax and federal fuel tax refunded to you must be added back as a federal tax refund in the year received. If you are self-employed, any self-employment tax you pay cannot cause an excess FICA payment.

**34. DEDUCTION FOR FEDERAL TAXES.**

Add lines 31, 32, and 33.

**35. BALANCE.**

Subtract the amount on line 34 from line 30 and enter here and on line 36, side 2.

**36. BALANCE.**

Enter the amount(s) from line 35 on line 36.

**STEP 7 TAXABLE INCOME  
(ITEMIZED OR STANDARD DEDUCTION)**

**37. DEDUCTION.**

You may itemize deductions or claim the Iowa standard deduction, whichever is larger. You may itemize deductions on your Iowa return even if you did not itemize deductions on your federal return.

**ITEMIZED DEDUCTION**

If you itemize, complete the Iowa Schedule A, check the itemized box on line 37 and enter your total itemized deduction. Include your Iowa Schedule A with your return. The federal Schedule A cannot be used with the Iowa return.

**STANDARD DEDUCTION**

If you use the Iowa standard deduction check the standard box on line 37 and enter your standard deduction.

\$1,900 for filing statuses 1, 3, and 4

\$4,670 for filing statuses 2, 5, and 6

**GENERAL INSTRUCTIONS**

Iowa follows federal guidelines for Schedule A itemized deductions with certain exceptions. To complete the Iowa Schedule A, refer to the federal 1040 instruction booklet.

**MEDICAL, DENTAL, AND INSURANCE EXPENSES**

**Health insurance premiums, line 1:**

100% of the amount paid for health insurance premiums is deductible on line 18 of the IA 1040. It may be to your advantage to take this deduction on line 18 instead of Schedule A. Schedule A may not contain any health insurance premiums which were used as a deduction on line 18.

**Schedule A, line 2:**

Certain itemized deductions are allowed only to the extent that the deductions exceed a percentage of federal adjusted gross income. These include medical and dental expenses that exceed 10 % (or 7.5% if taxpayer or spouse is 65 or older) of federal adjusted gross income. The federal adjusted gross income used to determine these deductions is the taxpayer's federal adjusted gross income plus any bonus depreciation/section 179 adjustment from line 14 of the IA 1040.

**OTHER STATE AND LOCAL INCOME TAXES**

Iowa state income tax is not deductible on the Iowa return. The School District Surtax and the Emergency Medical Services Surtax are deductible on the Iowa return.

**STATE SALES/USE TAX**

The itemized deduction for state sales and use tax is allowed on the Iowa Schedule A.

If a taxpayer claimed an itemized deduction for state sales and use tax paid on the Federal return, the taxpayer must claim the itemized deduction for state sales and use tax paid on the Iowa return. The school district surtax or EMS surtax is not deductible on Schedule A if the taxpayer is using the state sales and use tax paid as an itemized deduction.

If a taxpayer claimed state income taxes as an itemized deduction on the Federal return, or claimed the standard deduction on the Federal return, the taxpayer cannot claim an itemized deduction for state sales and use tax paid on the Iowa return.

**VEHICLE REGISTRATION FEE DEDUCTION AND  
WORKSHEET**

If you itemize deductions, a portion of the automobile or multipurpose vehicle annual registration fee you paid in 2013 may be deducted as personal property tax on your Iowa Schedule A, line 6, and federal Schedule A, line 8.

This deduction is for annual registration fees paid based on the value of qualifying automobiles and multipurpose vehicles. Multipurpose vehicles are defined as motor vehicles designed to carry not more than 10 people, and constructed either on a truck

chassis or with special features for occasional off-road operation [Iowa Code section 321.1(44)].

Annual registration fees on the following vehicles are not deductible: pickups (model year 2009 or older), motor trucks, work vans, ambulances, hearses, non-passenger-carrying vans, campers, motorcycles, or motor bikes.

#### **Newer Vehicles:**

Use the following worksheet to calculate the deductible amount of annual registration fees paid in 2013 for qualifying automobiles (model year 2003 or newer), pickups (model year 2010 or newer),\* and multipurpose vehicles (model year 1993 or newer).

\* For tax years 2008 and earlier, pickup truck registration fees could not be taken as an itemized deduction, because the fees were structured as a flat fee and were not based on value. However, beginning with the 2009 tax year there was a change in the registration fee structure for pickups.

More specifically, only 2010 and newer trucks that weigh in at 10,000 pounds or less when empty are registered based on weight, list price, and model year. All other trucks are still subject to a registration fee based on weight. Consequently, certain 2010 model year and newer trucks may use the Vehicle Registration Deduction Worksheet.

#### **Vehicle Registration Deduction Worksheet**

1. Enter the actual registration fee paid. .... **1.** \_\_\_\_\_
2. Take the weight of your automobile and divide it by 250. The weight is found on your automobile registration certificate. .... **2.** \_\_\_\_\_
3. Subtract line 2 from line 1. This is the deductible amount for line 37. .... **3.** \_\_\_\_\_

#### **EXAMPLE**

Malia purchased an automobile from Jennifer. The actual fee Malia paid to register the automobile at the courthouse was \$150. The weight of the automobile is 3,000 pounds. The deductible amount is calculated as follows:

- |   |           |            |
|---|-----------|------------|
| 1. Enter the actual registration fee paid. ....   | <b>1.</b> | <b>150</b> |
| 2. Take the weight of your automobile and divide it by 250. The weight is found on your automobile registration certificate. .... | <b>2.</b> | <b>12</b>  |
| 3. Subtract line 2 from line 1. This is the deductible amount. ....   | <b>3.</b> | <b>138</b> |

#### **Older Vehicles:**

For qualifying automobiles (model year 2002 or older) and multipurpose vehicles (model year 1992 or older) the deductible amount is 60% of the annual registration fees paid in 2013.

#### **QUALIFIED MORTGAGE INSURANCE PREMIUMS**

Line 11 of the Iowa Schedule A has the same deduction for qualified mortgage insurance premiums as taken on the federal Schedule A.

#### **JOB EXPENSES AND MISC. DEDUCTIONS**

Certain job expenses and miscellaneous deductions are allowed to the extent the deductions are greater than 2% of the taxpayer's federal adjusted gross income.

The federal adjusted gross income used to determine these deductions is the taxpayer's federal adjusted gross income plus any bonus depreciation/section 179 adjustment from line 14 of the IA 1040.

#### **OTHER DEDUCTIONS.**

Enter the total of all other deductions on line 27 of the Iowa Schedule A.

#### **a. Expenses Incurred for Care of a Disabled Relative:**

Expenses, not to exceed \$5,000, incurred in caring for a disabled relative in your home may be deducted.

**Disabled Relative Qualifications:** The expenses which may be claimed are those for the care of a person who is your grandchild, child, parent, or grandparent.

The disabled person must be unable, by reason of physical or mental disability, to live independently and must be receiving or be eligible to receive medical assistance benefits under Title XIX of the U.S. Social Security Act.

A statement from a qualified physician certifying that the person with the disability is unable to live independently must be submitted with the return the first year a deduction is taken and every third year thereafter.

**Qualifying Items:** Qualifying items are those that are not reimbursed. Items may include food, clothing, medical expenses not otherwise deductible, and transportation for medical reasons. See IRS guidelines for medical mileage rate.

An itemized schedule of expenses must be included with the return.

**Non-Qualifying Items:** Expenses not directly attributable to the care of the relative, such as rent, mortgage payments, interest, utilities, house insurance, and taxes cannot be included. Only expenses which are not reimbursed may be claimed.

**Married Separate Filers:** The total deduction claimed by both spouses for each relative with a disability may not exceed \$5,000.

- b. Adoption Expenses:** If you adopted a child during the tax year, you may be eligible for an additional itemized deduction for a portion of the adoption expenses paid in 2013. Expenses include medical costs relating to the child's birth, any necessary fees, and all other costs connected with the adoption procedure. Include a separate schedule listing the adoption expenses.

Subtract 3% of your total Iowa net income entered on line 26 from the total of qualifying adoption expense. If married, 3% of the combined net income must be subtracted. Only the amount which exceeds 3% of your total Iowa net income may be deducted.

**This deduction is taken in the year that the expenses are paid even if the child is not placed in your home during that year or if the adoption does not occur.**

- c. Mileage Deduction Charitable Purposes.** Iowa allows you an *additional* deduction for automobile mileage driven for charitable organizations. Calculate the deduction as follows:

1. Number of miles x 39¢/mile
2. Less charitable mileage deduction already claimed on the Iowa Schedule A
3. Equals additional mileage deduction for charitable purposes.

This information is based on 422.9(2)(d) and 8A.363.

#### **EXCEPTIONS TO FEDERAL SCHEDULE A**

**Federal bonus depreciation.** If itemizing, taxpayers that have adjustments for federal bonus depreciation on form IA 4562A must complete the Iowa Schedule A rather than using a copy of the federal Schedule A.

**Health insurance premiums.** 100% of the amount paid for health insurance premiums is deductible on line 18 of the IA 1040. It may be to your advantage to take this deduction on line 18 instead of Schedule A. Schedule A may not contain any health insurance premiums which were used as a deduction on line 18.

**Injured Veterans Grant Program Contributions.** These contributions do not qualify as itemized deductions.

**Charitable Conservation Contribution Tax Credit.** Do not include as an itemized deduction any contributions for which a credit is claimed on line 50 of the IA 1040.

**Mortgage Interest Credit Deduction.** Taxpayers with the mortgage interest credit can claim on their

Iowa return a deduction on line 9b of Schedule A for all mortgage interest paid in the tax year and not just the mortgage interest that was deducted on the federal Schedule A.

**School Tuition Organization Contributions.** Do not include as an itemized deduction any contributions for which a credit is claimed on line 50 of the IA 1040.

**Endow Iowa Tax Credit Contributions.** Do not include as an itemized deduction any contributions for which a credit is claimed on line 50 of IA 1040.

**Married Separate Filers:** If one spouse uses the itemized deduction, then both spouses must use the itemized deduction, even if separate Iowa returns are filed.

Itemized deductions must be divided between spouses in the ratio of their respective net incomes.

#### **38. TAXABLE INCOME.**

Subtract line 37 from line 36 and enter the difference.

If line 37 is greater than line 36, enter zero.

#### **STEP 8 TAX, CREDITS AND CHECKOFF CONTRIBUTIONS (TAX CALCULATION)**

#### **39. TAX OR ALTERNATE TAX.**

**Who CAN use the alternate tax calculation?**

**Taxpayers using filing statuses 2, 3, 4, 5, and 6 without net operating loss:**

If the combination of your net income(s) from line 26 PLUS any pension exclusion taken on line 21 of the IA 1040 and any Social Security Phase-out taken on line 13 of the Social Security Worksheet exceeds \$13,500 (\$32,000 if you or your spouse is 65 or older on 12/31/13)

**Married taxpayers using filing statuses 2, 3, or 4 with net operating loss** when one spouse has a net operating loss and chooses **not** to carry it back or forward. A statement that the taxpayer will not carry forward or carry back the net operating loss must be included with the return.

**Why use the alternate tax calculation?**

**You may owe less tax** by completing the worksheet below to compute your tax liability. Enter this alternate tax on line 39 if it is less than the tax from the tax table.

**Who CANNOT use the alternate tax calculation?**

- Taxpayers using filing status 1
- Taxpayers who file status 4 and do not provide the other spouse's income in Step 2 of the IA 1040

- Married taxpayers using filing statuses 2, 3, or 4 with net operating loss when one spouse has a net operating loss and chooses to carry it back or forward

### Tax Calculation Procedure

**First**, determine tax from:

- tax tables, or
- formula at the end of the tax tables, or
- tax rate schedule

If the taxable income on line 38 (column A or column B):

- is less than \$95,550, use the tax tables
- is more than \$95,550, use the formula at the end of the tax tables or the tax rate schedule

**Second**, compute alternate tax, which may reduce tax liability.

Compare the tax calculated using one of the methods shown above to the alternate tax calculated below. Enter the smaller amount on line 39.

### ALTERNATE TAX WORKSHEET

1. Add the total net income(s) from line 26 and pension exclusion from line 21 and Social Security Phase-out taken on line 12 of the Social Security Worksheet of the IA 1040, and enter here. Filing statuses 3 or 4 enter combined totals of both spouses. .... 1. \_\_\_\_\_
2. Enter \$13,500 (\$32,000 if you or your spouse is 65 or older on 12/31/13). ... 2. \_\_\_\_\_
3. Income subject to alternate tax.  
Subtract line 2 from line 1. .... 3. \_\_\_\_\_
4. Multiply line 3 by 8.98% (.0898). .... 4. \_\_\_\_\_
5. Using the tax tables, determine the tax on the taxable income from line 38 of the IA 1040. Status 3 and 4 filers look up the tax separately, combine and enter total here. .... 5. \_\_\_\_\_
6. Compare the amounts on line 4 and line 5. Enter the smaller amount here and on line 39, IA 1040. .... 6. \_\_\_\_\_

**Married Separate Filers:** (including status 4):

**If you are using the tax tables, the formula at the end of the tax tables, or the tax rate schedule:**

Enter the tax for line 38, column A, on line 39, column A.

If filing status 3, also enter the tax for line 38, column B, on line 39, column B.

**If you are using the alternate tax:**

Use the combined net incomes of both spouses to compute the alternate tax.

Prorate the alternate tax between spouses in the ratio of the net income of each spouse to the combined net income of both spouses.

“Net income” for purposes of this proration is the amount from line 26, plus any pension exclusion from line 21 and Social Security Phase-out taken on line 12 of the Social Security Worksheet.

**Examples** are in the online version of the expanded instructions.

### 40. IOWA LUMP-SUM TAX.

A lump-sum distribution occurs when, in one tax year, you receive the total balance from the pension or profit-sharing plan of an employer due to termination of employment, termination of the plan, or death of the employee.

Iowa lump-sum tax applies only if IRS form 4972 was used to compute the federal tax on any portion of the lump-sum distribution. **(If there is no federal lump-sum tax, then there is no Iowa lump-sum tax.)**

**Iowa Residents:** Enter 25% of the federal tax from IRS form 4972 on line 40 of the IA 1040. Include federal form 4972.

**Part-year Residents:** If a lump-sum distribution reported on federal form 4972 was received while an Iowa resident, 25% of the federal tax from form 4972 must be entered on line 40. Part-year residents who receive a lump-sum distribution while not an Iowa resident are not subject to Iowa lump-sum tax on that distribution. A copy of the federal form 4972 must be included.

**Nonresidents:** Nonresidents receiving lump-sum distributions are not subject to Iowa lump-sum tax.

**Married Separate Filers** (including status 4): Lump-sum tax is reported by the spouse who received the distribution.

### 41. IOWA MINIMUM TAX.

Enter the amount from line 28 of the IA 6251. The Iowa Minimum Tax is imposed, for the most part, on the same tax preference items and adjustments on which federal minimum tax is imposed. However, you may be subject to Iowa Minimum Tax even if you have no liability for federal minimum tax. All taxpayers with Iowa minimum tax are to include a copy of the IA 6251 with their IA 1040.

If you had tax preference items and adjustments in 2013, see form IA 6251 for further information.



**Nonresidents and Part-year Residents:** If you have Iowa-source tax preferences or adjustments, you may be subject to Iowa Minimum Tax. See form IA 6251.

**Married Separate Filers** (including status 4): Each spouse that had tax preference items and adjustments must complete their own IA 6251.

## 42. TOTAL TAX.

Add lines 39, 40, and 41.

**Taxpayers who have had a distressed sale in 2013** and have included the gain in net income may be eligible to limit their tax to their net worth immediately prior to the distressed sale. If you qualify, limit the amount on line 42 to your net worth before the distressed sale and include an Iowa Income Tax Balance Sheet/Statement of Net Worth (form IA 6251B).

## 43. TOTAL EXEMPTION CREDIT AMOUNTS.

Enter the total amount of exemption credits from Step 3.

## 44. TUITION AND TEXTBOOK CREDIT (K-12 ONLY).

Taxpayers who have one or more dependents attending Kindergarten through 12th grade in an accredited Iowa school may take a credit for each dependent for amounts paid for tuition and textbooks. Dependents must have attended a school in Iowa that is accredited under section 256.11, not operated for a profit and adheres to the provisions of the U.S. Civil Rights Act of 1964.

The credit amount is 25% of the first \$1,000 paid for each dependent for tuition and textbooks.

**Divorced or separated parents:** Only the spouse claiming the dependent can claim the amounts paid by that spouse for tuition and textbooks for that dependent.

**Home Schooling:** Expenses for textbooks or other items for home schooling, tutoring, or schooling outside an accredited school do not qualify for the credit.

**“Tuition”** means any charges for the expense of personnel, buildings, equipment, and materials other than textbooks, and other expenses that relate to the teaching of only those subjects legally and commonly taught in Iowa’s public elementary and secondary schools.

**“Textbooks”** means books and other instructional materials used in teaching those same subjects. This includes fees, books, and materials for extracurricular activities.

**Examples of extracurricular activities:** sporting events, speech activities, musical or dramatic events,

driver’s education (if paid to the K-12 school), awards banquets, homecoming, prom (clothing does not qualify), and other school-related social events.

### The cost of the following items are eligible for the credit:

- **Books:** books and other instructional materials used in teaching subjects legally and commonly taught in Iowa’s public elementary and secondary schools, including those needed for extracurricular activities
- **Clothing:** “non-street” costumes for a play or special clothing for a concert not suitable for everyday wear
- **Driver’s Education:** only if paid to the K-12 school
- **Dues, Fees and Admissions:** includes those paid for extracurricular activities such as activity fees; booster club dues; fees for track and cross-country; activity ticket or admission for high school athletic events; fees for a physical education event such as roller skating
- **Materials:** includes materials for extracurricular activities, such as sporting events, speech activities, musical or dramatic events, awards banquets, homecoming, prom, and other school-related social events
- **Music:** rental of musical instruments for school or band; music/instrument lessons at a school; sheet music used in a school; valve oil; cork grease; music books and reeds used in school bands or orchestras
- **Parking:** fees required to park at the school and paid to the school
- **Shop class and mechanics class:** cost of required basic materials
- **Shoes:** football, soccer and golf shoes; cleats for football shoes; track spike shoes
- **Travel:** non-travel fees for field trips if the trip is during school hours
- **Tuition:** the school must be accredited; amounts paid are not allowed if they relate to teaching of religious tenets or doctrines of worship
- **Uniforms:** band, hockey, and football uniforms

### The cost of the following items are NOT eligible for the credit:

- **Books:** yearbooks
- **Clothing:** clothes which can be used for streetwear, such as T-shirts for extracurricular events such as track and science; clothing for a play or concert that is suitable for everyday wear; prom dresses and tuxedos
- **Dues, Fees and Admissions:** sports-related socials; special education programs like career conferences;

special testing like SAT, PSAT, and Iowa talent search tests

- **Music:** purchase of musical instruments; cost of music lessons outside of school; sheet music for private use
- **Religion:** Amounts paid are not allowed if they relate to teaching of religious tenets or doctrines of worship.
- **Shoes:** basketball shoes and other shoes suitable for everyday wear
- **Shop class and mechanics class:** optional expenditures for wood or materials or for repair of personal vehicles
- **Travel:** travel expenses for trips
- **Tuition:** any amount for food, lodging, clothing

#### Calculating the Credit:

Calculate the proper amount of expenses per dependent and multiply the amount – not to exceed \$1,000 – by 25% (.25).

Keep records of your calculation, showing the name of each dependent, school(s) attended, and an itemized list of qualifying expenses.

Enter the total allowable credit on line 44.

**Example:** Students Patty and Mark have qualifying expenses of \$1,400 and \$700 respectively. Their parents can take a credit of \$250 (25% of \$1,000 maximum) for Patty and \$175 (25% of \$700) for Mark, for a total credit of \$425.

See more details on expenditures that are eligible and not eligible on our Web site at [www.iowa.gov/tax](http://www.iowa.gov/tax).

**Married Separate Filers:** This credit must be taken by the spouse claiming the dependent. Any unused part of this credit cannot be used by the other spouse.

#### 45. VOLUNTEER FIRE FIGHTER AND VOLUNTEER EMERGENCY MEDICAL SERVICES PERSONNEL TAX CREDIT

A tax credit is available for individual income tax for volunteer fire fighters and volunteer emergency medical services personnel. A volunteer fire fighter must be an active member of an organized volunteer fire department in Iowa who has met the minimum training standards established by the fire service training bureau. Volunteer emergency medical services personnel must be individuals who are trained to provide emergency medical care and who are certified as first responders and have been issued a certificate by the Department of Public Health.

The tax credit equals \$50 if the volunteer served for the entire tax year. If the volunteer did not serve for the entire year, the \$50 credit will be prorated based on the number of months that the volunteer served, rounded to the nearest dollar. If the volunteer served for a portion of a month, that will be considered as an entire

month. If an individual is both a volunteer fire fighter and a volunteer emergency medical service personnel, the credit can only be claimed for one volunteer position.

The individual is required to have a written statement from the fire chief or other appropriate supervisor verifying that the individual was a volunteer fire fighter or volunteer emergency medical services personnel for the months for which the credit is claimed.

The credit is limited to the tax liability for the tax year, and there is no carry forward of any excess credit to a subsequent tax year.

**Married Separate Filers:** This credit must be taken by the spouse who qualifies. Any unused part of this credit cannot be used by the other spouse.

#### 46. TOTAL CREDITS.

Add lines 43, 44, and 45.

#### 47. BALANCE.

Subtract the amount on line 46 from the amount on line 42. If less than zero, enter zero.

#### TAX REDUCION WORKSHEET

**To reduce income to less than \$9,000 and lower tax liability.**

**For Taxpayers using Filing Status 1, Single, and now claimed as a dependent on another person's Iowa Return:**

**Taxpayers using filing status 1 are not eligible** to use the alternate tax computation. However, a single taxpayer who is not claimed as a dependent on another person's Iowa return cannot have a tax figure on line 47 of the IA 1040 that would reduce the combination of net income from line 26 plus any net operating loss carryback or carryforward, any pension exclusion from line 21 of the IA1040 and any Social Security Phase-out taken on line 12 of the Social Security worksheet to less than \$9,000 (\$24,000 if you are 65 or older as of 12/31/13).

If subtracting line 47 from the total of lines 21, 26, and Social Security Phase-out results in a difference of less than \$9,000 (\$24,000 if you are 65 or older as of 12/31/13), the entry on line 47 must be reduced as calculated on the following worksheet below.

#### TAX REDUCION WORKSHEET

1. Add:

- (a) net income from line 26, IA 1040
- (b) pension exclusion from line 21, IA 1040
- (c) Social Security Phase-out from line 12 of the Social Security Worksheet (line 13, IA 1040)..... **1.** \_\_\_\_\_

2. Write \$9,000 on this line if you are 64 or younger. Write \$24,000 if you are 65 or older as of 12/31/13 . ..... **2.** \_\_\_\_\_
  3. Subtract line 2 from line 1. .... **3.** \_\_\_\_\_
  4. Enter the amount from line 47, IA 1040. .... **4.** \_\_\_\_\_
  5. Compare lines 3 and 4. Enter the smaller number here. If this number is different than the one on line 47, IA 1040, substitute this number. Write "tax reduction" to the left of line 47. .... **5.** \_\_\_\_\_
- Examples are available on the online version of the expanded instructions.

#### **48. CREDIT FOR NONRESIDENT OR PART-YEAR RESIDENT.**

Part-year residents and nonresidents: Before you can complete the rest of the return, you will need to complete the IA 126.

Enter the amount of your nonresident/part-year resident tax credit from Schedule IA 126, line 33. A copy of Schedule IA 126 and a copy of your federal return must be included.

You may owe less tax by using filing status 3 or 4.

#### **2013 INSTRUCTIONS FOR SCHEDULE IA 126**

You will need to complete the IA 1040 Long Form lines 1 – 47 before you can complete the IA 126. The IA 1040 must be completed using all-source income. Nonresidents and part-year residents of Iowa will use the IA 126 to figure your Iowa source income. The final credit from this form is used as a credit to reduce total tax on your IA 1040.

**For part-year Iowa residents,** Iowa net income on the IA 126 includes all income received while living in Iowa plus any Iowa-source income received while a nonresident.

**For nonresidents,** Iowa net income on the IA 126 will include all income from Iowa sources. Complete lines 1-26 of the IA 126 using only income from Iowa sources.

Enter the amount of credit from line 33, IA 126 on line 48, IA 1040.

**Married Separate Filers:** Divide your Iowa income between spouses using the instructions given for the corresponding line on the IA 1040 for married separate filers.

#### **1. WAGES, SALARIES, TIPS, ETC.**

**Part-year residents:** Include all W-2 income earned while an Iowa resident, even if it was earned in another state, and any income for services performed in Iowa while a nonresident of the state. If it was earned in another state, you may also need to fill out the IA 130

when you pay tax to the other state. You will need to check with that state for their filing requirements.

**Nonresidents:** Report only Iowa-source income. If the portion of employee compensation earned in Iowa by a nonresident is not reported separately, allocate the compensation based upon the number of days worked in Iowa to total work days.

**NOTE:** As a result of federal legislation, the nonresident military taxpayer does not include military pay on line 1 of the IA 126 (nor is it reported on the IA 1040). In general, this applies to active duty military and does not include the National Guard or reserve personnel.

Military spouses please see the information on the Military Spouses Residency Relief Act.

#### **2. TAXABLE INTEREST INCOME.**

**Part-year residents:** Report all interest shown on the IA 1040 which accrued while an Iowa resident and any interest received while a nonresident which was derived from a trade, business, or profession carried on within Iowa.

**Nonresidents:** Report only the interest derived from an Iowa trade, business, or profession.

#### **3. DIVIDEND INCOME.**

**Part-year residents:** Report all dividends received while an Iowa resident and any dividends derived from an Iowa trade, business, or profession while a nonresident.

**Nonresidents:** Report the dividends derived from an Iowa trade, business, or profession.

#### **4. ALIMONY RECEIVED.**

**Part-year residents:** Report all alimony or separate maintenance payments received while an Iowa resident.

**Nonresidents:** Do not enter anything on this line.

#### **5. BUSINESS INCOME OR (LOSS).**

**Part-year residents:** Report all federal Schedule C or C-EZ income earned while an Iowa resident and any portion of business income or loss earned while a nonresident attributable to a business conducted in Iowa.

**Nonresidents:** Report the portion of business income or loss attributable to a business conducted in Iowa. Include a supporting schedule showing Iowa gross receipts divided by total gross receipts; multiply this ratio times the total net income from federal Schedule C or C-EZ. A sale is considered an Iowa sale if goods are delivered or shipped to a point within the state regardless of F.O.B. point.

## 2013 INSTRUCTIONS FOR SCHEDULE IA 126 continued

### 6. CAPITAL GAIN OR (LOSS).

**Part-year residents:** Include 100% of the capital gains or losses from assets sold during the time they were Iowa residents. In addition, capital gains or losses from assets sold while a nonresident of Iowa should be reported on the basis of the instructions for nonresidents that follow.

**Nonresidents:** Include in Iowa income 100% of capital gains or losses from the following:

- a. Sales of real or tangible personal property if the property was located in Iowa at the time of the sale; or
- b. Sales of intangible personal property if the taxpayer's commercial domicile is in Iowa.

NOTE: You may have a gain here even if you have a net loss on the IA 1040.

### 7. OTHER GAINS OR (LOSSES).

**Part-year residents:** Report 100% of gains or losses from assets sold or exchanged while an Iowa resident and any gains or losses from federal form 4797 while a nonresident if the property was located in Iowa at the time of sale or exchange.

**Nonresidents:** Report any gains or losses from federal form 4797 if the property was located in Iowa.

NOTE: You may have a gain here even if you have a net loss on the IA 1040.

### 8. TAXABLE IRA DISTRIBUTIONS.

**Part-year residents:** Report any taxable IRA distributions received while an Iowa resident.

**Nonresidents:** Do not enter anything on this line.

### 9. TAXABLE PENSIONS AND ANNUITIES.

Pension income is taxable to the state you live in when you receive it.

**Part-year residents:** Report any pension and annuity income reported on line 9 of the IA 1040 which was received while an Iowa resident.

**Nonresidents:** Do not enter anything on this line.

### 10. RENTS, ROYALTIES, PARTNERSHIPS, ESTATES, TRUSTS, ETC.

**Part-year residents:** Report all income shown on federal Schedule E which was earned or received while an Iowa resident and all rents and royalties from Iowa sources and partnerships or S corporation income earned or received while a nonresident.

**Nonresidents:** Report all rents and royalties from Iowa sources and all Iowa partnership or S corporation income. See instructions for allocation of business income on line 5 of this section.

### 11. FARM INCOME OR (LOSS).

**Part-year residents:** Report all net farm income earned or received while an Iowa resident. Also report all net income from Iowa farm activities while a nonresident using the instructions for nonresidents that follow.

**Nonresidents:** Report the total net income from the Iowa farm activities. If farm activities were conducted both within and without Iowa, provide a separate schedule showing allocation of the income and expenses to Iowa.

### 12. UNEMPLOYMENT COMPENSATION.

**Part-year residents:** Report all unemployment benefits received while an Iowa resident and those benefits received the rest of the year that relate to past employment in Iowa.

**Nonresidents:** Report the unemployment benefits that relate to employment in Iowa. If the unemployment benefits relate to employment in Iowa and employment in another state, report the benefits to Iowa on the basis of the Iowa salaries and wages to the total salary and wages.

### 13. TAXABLE SOCIAL SECURITY BENEFITS.

**Part-year residents:** Report any Social Security income reported on line 13 of the IA 1040 which was received while an Iowa resident.

**Nonresidents:** Do not enter anything on this line.

### 14. OTHER INCOME.

**Part-year residents:** Report any income on line 14 of IA 1040 which was received while an Iowa resident or income from Iowa sources while a nonresident. This includes gambling income and the Bonus Depreciation/Section 179 Adjustment attributable to Iowa from the IA 4562A.

**Nonresidents:** Report all other taxable income from Iowa sources. This includes gambling income.

### 16. PAYMENTS TO AN IRA, KEOGH OR SEP.

**Part-year residents:** Deduct the payments made to an IRA, Keogh, or SEP plan while an Iowa resident.

**Nonresidents:** Deduct the payments made to an IRA, Keogh, or SEP plan in the ratio of Iowa earned income to total earned income.

### 17. DEDUCTIBLE PART OF SELF-EMPLOYMENT TAX.

**Part-year residents:** Deduct the portion of the self-employment tax that is attributable to the self-employment income earned while an Iowa resident.

**Nonresidents:** Deduct the portion of the amount allowed on your federal return in the ratio of your Iowa self-employment income to your total self-employment income.



## 2013 INSTRUCTIONS FOR SCHEDULE IA 126 continued

### 18. HEALTH INSURANCE DEDUCTION.

#### **Part-year residents:**

- a. Self-employed.** Enter 100% of the health insurance premiums paid by a self-employed individual while an Iowa resident.
- b. Deducted through wages.** Enter 100% of the health insurance premiums that were not withheld from your wages on a pretax basis while an Iowa resident.
- c. Paid direct by taxpayer.** Enter 100% of the health insurance premiums that you paid while an Iowa resident.

#### **Nonresidents:**

- a. Self-employed.** Enter 100% of the health insurance premiums paid by a self-employed individual by the ratio of Iowa self-employment income to total self-employment income.
- b. Deducted through wages.** Enter 100% of the health insurance premiums that were not withheld from your wages on a pretax basis by the ratio of Iowa wages to total wages.
- c. Paid direct by taxpayer.** Multiply the health insurance premiums that you paid by the ratio of your Iowa-source net income on line 26 of the IA 126 to total net income on line 26 of the IA 1040. For this net income calculation, do not include line 18, the health insurance deduction in the above-referenced net income amounts.

### 19. PENALTY ON EARLY WITHDRAWAL OF SAVINGS.

**Part-year residents:** Deduct the amount of any penalty you were charged because you withdrew funds from your time savings deposit before its maturity while an Iowa resident or what was derived from an Iowa trade, business or profession.

**Nonresidents:** Deduct the amount of any penalty you were charged because you withdrew funds from your time savings deposit before its maturity that was derived from an Iowa trade, business or profession.

### 20. ALIMONY PAID.

**Part-year residents:** Deduct alimony paid while an Iowa resident.

**Nonresidents:** Deduct alimony paid in the ratio of Iowa gross income to total gross income.

### 21. PENSION/RETIREMENT INCOME EXCLUSION.

**Part-year residents:** If you qualify for this exclusion on the IA 1040, you may exclude the amount of taxable retirement income received while an Iowa resident, up to a maximum of \$6,000 (if filing status 1, 5, or 6) or \$12,000 (if filing status 2, 3, or 4).

**Nonresidents:** Iowa-source retirement income received by a nonresident is not taxable to Iowa. Therefore, you do not qualify to take this exclusion. Do not enter anything on this line.

### 22. MOVING EXPENSES.

**Part-year residents who moved into Iowa** can enter any moving expenses from line 22 of the IA 1040 that relate to the move to Iowa.

**Part-year residents moving out of Iowa** cannot take any deduction on this line.

**Nonresidents:** Do not enter anything on this line.

### 23. IOWA CAPITAL GAIN DEDUCTION FOR CERTAIN BUSINESS/FARM ASSETS/ESOP STOCK ONLY.

Enter 100% of qualifying capital gains that are attributable to Iowa sources.

### 24. OTHER ADJUSTMENTS.

Deduct miscellaneous adjustments to income in the same ratio as the income to which the adjustment relates was allocated to Iowa.

### 26. IOWA NET INCOME.

Subtract line 25 from line 15 and enter the difference on this line. If line 26 is \$1,000 or more **or** you are subject to Iowa lump-sum or minimum tax, complete lines 27 through 33. If line 26 is less than \$1,000 **and** you are not subject to Iowa lump sum or minimum tax, you are not required to file an Iowa income tax return. Married taxpayers must combine their Iowa income amounts for purposes of the \$1,000 filing threshold. However, if you had Iowa tax withheld and are requesting a refund, or choose to file an Iowa return even if you aren't required to do so, put 100% on line 29, complete the remainder of the schedule, and put the credit amount on line 48 of the IA 1040.

**Examples** of how to complete the IA 126 are available in the Expanded Instructions on our website.

## 1040 Instructions continued

### 49. BALANCE.

Subtract the amount on line 49 from line 47. If less than or equal to zero, enter zero.

## 50. OTHER NONREFUNDABLE IOWA CREDITS.

Enter the total of the credits from Part I of the IA 148 Tax Credits Schedule.

**Form IA 148 Tax Credits Schedule must be completed.**

### **Agricultural Assets Transfer Credit:**

A tax credit for agricultural asset transfers from a taxpayer to beginning farmers is available for individual and corporation income taxpayers.

The tax credit is only allowed for agricultural assets that are subject to a lease or rental agreement. The lease must be for a term of at least two years, but not more than five years. The taxpayer must meet certain qualifications as established by rules adopted by the Iowa Agricultural Development Authority. The beginning farmer must be eligible to receive financial assistance as required by Code section 175.12.

The tax credit is based upon the gross amount paid to the taxpayer under the lease agreement by the beginning farmer. The tax credit equals 7% of the amount paid to the taxpayer under the agreement or, in the alternative, the tax credit equals 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.

If the beginning farmer is a veteran, the credit is 8% or 18% for the first year of the agreement.

A tax credit certificate will be issued by the Iowa Agricultural Development Authority. Any tax credit in excess of the tax liability can be carried forward for the following five years or until depleted, whichever is the earlier. A tax credit is not transferable to any other person other than the taxpayer's estate or trust upon the taxpayer's death. If the tax credit is issued to a partnership, limited liability company, S corporation, estate, or trust, the tax credit can be claimed by the individual based on the pro rata share of the income of the entity.

The lease or rental agreement may be terminated by either the taxpayer or the beginning farmer. If the Agricultural Development Authority determines that the taxpayer is not at fault for the termination, the Authority will not issue a tax credit certificate for subsequent years, but any prior tax credit certificates issued will be allowed. If the Authority determines that the taxpayer is at fault for the termination, any prior tax credit certificates issued will be disallowed, and the tax credits can be recaptured by the Department of Revenue.

The agricultural assets transfer credit, which includes the custom farming contract tax credit, is capped at \$12

million starting with the state fiscal year beginning July 1, 2013. \$8 million is allocated to the agricultural assets transfer tax credit, and \$4 million is allocated to the custom farming contract tax credit. The maximum credit issues to a taxpayer is \$50,000.

### **Charitable Conservation Contribution Tax Credit:**

Effective for tax years beginning on or after January 1, 2008, a tax credit is available for individual income and corporation income tax equal to 50% of the fair market value of a qualified real property interest located in Iowa that is conveyed as an unconditional charitable donation in perpetuity by a taxpayer to a qualified organization exclusively for conservation purposes.

The maximum amount of the credit is \$100,000. The amount of the contribution for which the tax credit is claimed is not deductible as an itemized deduction for Iowa income tax purposes.

The terms "conservation purpose," "qualified organization," and "qualified real property interest" mean the same as set forth in section 170(h) of the Internal Revenue Code. Any tax credit in excess of the tax liability is not refundable but may be credited to the tax liability for the following 20 years or until depleted, whichever is the earlier.

### **Custom Contract Farming Tax Credit**

For tax years beginning on or after January 1, 2013, a custom farming credit is available for landowners who hire a beginning farmer to do custom work and allows the landowner to claim 7% of the value of the contract on a tax credit. If the beginning farmer is a veteran, the credit is 8% for the first year. The credit is administered by the Iowa Agricultural Development Authority. For the fiscal year beginning July 1, 2013, \$4 million is allocated to this credit, while \$8 million is allocated to the agricultural assets transfer tax credit.

The taxpayer must pay the beginning farmer on a cash basis, and the contract must be in writing for a term of not more than twelve months. The total cash payment must equal at least \$1,000. The maximum credit issued to a taxpayer is \$50,000.

A tax credit certificate is issued by the Agricultural Development Authority for the amount of the credit. Any credit in excess of the tax liability can be carried forward for five years.

### **Economic Development Region Revolving Fund Tax Credit:**

This credit was repealed for tax years beginning on or after January 1, 2010, so only unused credits from a prior year may be claimed for 2013.

### **Endow Iowa Tax Credit:**

The Endow Iowa Tax Credit is equal to 25% of a taxpayer's endowment gift to a qualified community foundation. The gift must be for a permanent endowment fund established to benefit a charitable cause in Iowa. The Iowa Economic Development Authority is responsible for registering and authorizing the tax credits, and controlling the distribution of these tax credits.

Any tax credit in excess of the taxpayer's tax liability can be carried forward for the following five years or until depleted, whichever occurs first. The amount of the contribution cannot be taken as an itemized deduction for charitable contributions for Iowa income tax purposes.

An individual can claim the credit for a gift made by a partnership, limited liability company, S corporation, estate, or trust electing to have the income taxed to the individual, based on the pro rata share of earnings from the pass-through entity.

422.11H, 422.33(14) and 422.60(7)

### **Film Expenditure Tax Credit:**

This credit was repealed for tax years beginning on or after January 1, 2012, so only unused credits from a prior year may be claimed for 2013.

### **Film Investment Tax Credit:**

This credit was repealed for tax years beginning on or after January 1, 2012, so only unused credits from a prior year may be claimed for 2013.

### **Franchise Tax Credit:**

If a financial institution as defined in section 581 of the Internal Revenue Code elects to file as an S corporation for federal income tax purposes and therefore have its income taxed directly to the shareholders, those shareholders qualify for a franchise tax credit.

Iowa imposes a franchise tax on financial institutions, and Iowa does not recognize the S corporation election for Iowa franchise tax purposes. Therefore, the franchise tax credit is allowed to avoid double taxation of income.

Starting with any financial institutions organized as limited liability companies on or after July 1, 2004, the franchise tax credit is also available to members of the limited liability company. The limited liability company would file the franchise tax return, and members of the limited liability company would be eligible to take the franchise tax credit.

The Franchise Tax Credit Worksheet (IA 147) will help you calculate the credit. You do not need to send it with your return, but keep it with your tax records.

The amount of any unused credit may not be carried forward.

Sections 422.11 and 422.33(8)

### **Geothermal Heat Pump Tax Credit**

Effective for tax years beginning on or after January 1, 2012, a geothermal heat pump tax credit is available for individual income tax equal to 20% of the federal residential energy efficient property tax credit allowed for geothermal heat pumps provided in section 25D(a)(5) of the Internal Revenue Code for residential property located in Iowa.

The federal credit is available for property placed in service before January 1, 2017, so the Iowa credit will be available for the 2012-2016 tax years. The federal credit is claimed on federal form 5695, Residential Energy Credits.

Any credit in excess of the tax liability is not refundable, but the excess can be carried forward to the tax liability for the next ten years or until depleted, whichever is the earlier.

Section 422.11I

### **Housing Investment Tax Credit:**

Starting in 1999, for taxpayers approved by the Iowa Economic Development Authority under the Eligible Housing Enterprise Zone Program, an investment tax credit is available equal to 10% of the new investment directly related to the building or rehabilitation of homes in an enterprise zone. This is a nonrefundable credit, with a 7-year carryforward. The credit is claimed on worksheet IA 3468. The credit is based on a maximum of \$140,000 for each single-family home or for each unit of a multiple dwelling.

Starting in 2003, for the investment tax credit for eligible housing projects only, the credit can be transferred to another person or entity, if low-income housing credits under section 42 of the Internal Revenue Code was used to help finance the housing project.

Effective for projects beginning on or after July 1, 2005, the investment tax credit can be transferred if the housing development is located in a brownfield site or in a blighted area.

### **Investment Tax Credit:**

An investment tax credit of 10% of the purchase price of real property including any buildings and structures located on the real property, cost of machinery and equipment, and the cost of improvements to real property is available to an eligible business. An eligible business must be approved by the Iowa Economic Development Authority under the New Jobs and



Income Program, New Capital Investment Program, Enterprise Zone Program, or the High Quality Jobs Program.

Any credit in excess of the tax liability can be carried forward seven years or until used, whichever comes first. If you are a partner, shareholder, member, or beneficiary in a partnership, corporation, limited liability company, estate, or trust, you may claim the investment tax credit for the qualifying entity. The amount of the credit to you is based on your pro rata share of the individual's earnings of the qualifying entity.

If, however, the eligible business sells, disposes of, razes, otherwise renders unusable all or a part of the land, buildings, or other existing structures within five years of purchase, the investment tax credit must be recaptured in the year that all or a part of the property is sold, disposed of, razed, or otherwise rendered unusable. The percentage of investment credit that is recaptured is from 100% if the property is sold, disposed of, razed, or otherwise rendered unusable in the first year to 20% if the property is sold, disposed of, razed, or otherwise rendered unusable in the fifth year.

The credit is determined by multiplying the qualifying new investment by 10%, except for the New Capital Investment Program, which has various rates of 1-5%, and the High Quality Jobs Program, which has various rates of 1-10%, depending on the amount of qualifying investment and number of jobs created.

New investment includes the cost of machinery and equipment purchased for use in the operation of the eligible business, and the cost of improvements to real property. New investment also includes the cost of land and any buildings and structures located on the land. The credit can be taken in the year the qualifying asset is placed in service. For businesses qualified on or after July 1, 2005, under the Enterprise Zone program and the High Quality Jobs Program, the investment tax credit is amortized over a 5-year period. For the Housing Enterprise Zone Program, the credit can be taken in the year the home is ready for occupancy.

Any credit in excess of the tax liability for the tax year may be credited to the tax liability for the following seven tax years or until depleted, whichever is earlier.

### **High Quality Jobs Program:**

Businesses must be approved by the Iowa Economic Development Authority. Businesses providing a sufficient benefits package will qualify for a credit against the qualifying wage threshold. Businesses creating jobs only need to pay 100% of the qualifying wage threshold at the start of the project completion period, but must pay 130% of the qualifying wage threshold by the project completion date. Businesses

retaining jobs must pay 130% of the qualifying wage threshold from the start of the project completion period. Retail businesses or businesses where entrance is limited by a cover charge or membership requirement cannot qualify for the tax incentives.

The tax incentives for the High Quality Jobs Program are as follows:

#### **Number of new or retained jobs is zero**

- Investment less than \$100,000 – 1% Investment tax credit
- Investment of \$100,000 – \$499,999 – 1% Investment tax credit and sales tax refund
- Investment of \$500,000 or more – 1% Investment tax credit, sales tax refund, and additional R & D credit

#### **Number of new or retained jobs is 1-5**

- Investment less than \$100,000 – 2% Investment tax credit
- Investment of \$100,000 – \$499,999 – 2% Investment tax credit and sales tax refund
- Investment of \$500,000 or more – 2% Investment tax credit, sales tax refund, and additional R & D credit

#### **Number of new or retained jobs is 6-10**

- Investment less than \$100,000 – 3% Investment tax credit
- Investment of \$100,000 – \$499,999 – 3% Investment tax credit and sales tax refund
- Investment of \$500,000 or more – 3% Investment tax credit, sales tax refund, and additional R & D credit

#### **Number of new or retained jobs is 11-15**

- Investment less than \$100,000 – 4% Investment tax credit
- Investment of \$100,000 – \$499,999 – 4% Investment tax credit and sales tax refund
- Investment of \$500,000 or more – 4% Investment tax credit, sales tax refund, and additional R & D credit

#### **Number of new or retained jobs is 16 or more**

- Investment less than \$100,000 – 5% Investment tax credit
- Investment of \$100,000 – \$499,999 – 5% Investment tax credit and sales tax refund
- Investment of \$500,000 – \$9,999,999 – 5% Investment tax credit, sales tax refund, and additional R & D credit

#### **Number of new or retained jobs is 31-40, and the investment is \$10 million or more**

- 6% Investment tax credit, sales tax refund, additional R & D credit, and local property tax exemption



**Number of new or retained jobs is 41-60, and the investment is \$10 million or more**

- 7% Investment tax credit, sales tax refund, additional R & D credit, and local property tax exemption

**Number of new or retained jobs is 61-80, and the investment is \$10 million or more**

- 8% Investment tax credit, sales tax refund, additional R & D credit, and local property tax exemption

**Number of new or retained jobs is 81-100, and the investment is \$10 million or more**

- 9% Investment tax credit, sales tax refund, additional R & D credit, and local property tax exemption

**Number of new or retained jobs is 101 or more, and the investment is \$10 million or more**

- 10% Investment tax credit, sales tax refund, additional R & D credit, and local property tax exemption

**Minimum Tax Carry Forward Credit:**

You may be eligible for this credit if you paid Iowa minimum tax in prior years based on tax preferences and adjustments. The credit is limited to the extent the regular tax exceeds the alternative minimum tax for a tax year. There is no limit on the number of years this credit can be carried forward. Compute on form IA 8801 and include with the IA 1040.

Sections 422.11B, 422.33(7) and 422.60(3)

**New Jobs Credit:**

If you started a new business or increased employment of your existing business by 10% and your business had a 260E agreement with a vocational school or area community college, you may qualify for the New Jobs Credit. This credit includes the training of existing employees. This is a one-time credit, equal to 6% of the taxable wages which the employer is required to contribute to the state unemployment compensation fund.

Compute this credit on worksheet IA 133 (pdf) and include with your return.

For 2013, this tax credit equals \$1,560 (\$26,000 maximum wages times 6%) for each job created. It is a nonrefundable credit with a 10-year carryforward.

Sections 422.11A and 422.33(6)

**Redevelopment Tax Credit:**

The credit is based on a percentage of the taxpayer's qualifying investment in redeveloping a brownfield or grayfield site. A brownfield site is defined as an abandoned, idled, or underutilized industrial or commercial facility where expansion or redevelopment is complicated by real or perceived environmental contamination. A grayfield site is defined as a property

that has been developed and has infrastructure in place but the property's current use is outdated or prevents a better or more efficient use of the property. Such property includes vacant, blighted, obsolete, or otherwise underutilized property. Additional tax credit is available if the redevelopment meets established "green development" standards.

This tax credit program is administered by the Iowa Economic Development Authority. The total amount of tax credits available is \$10 million for each fiscal year starting with the fiscal year beginning July 1, 2013.

As a nonrefundable credit, any unused credit may be carried forward for up to five years. An individual may claim the tax credit allowed a partnership, limited liability company, S corporation, estate, or trust electing to have income taxed directly to an individual based on the pro rata share of earnings of the entity.

The tax credit certificate may be transferred to any person or entity.

Note: For Iowa individual income tax purposes, the increase in the basis of the redeveloped property that would otherwise result from the qualified redevelopment costs will be reduced by the amount of the tax credit.

**Renewable Energy Credit:**

A producer or purchaser of renewable energy from a facility approved by the Iowa Utilities Board is entitled to a tax credit equal to 1.5 cents per kilowatt hour of electricity, or \$4.50 per million BTUs of heat, refuse-derived fuel, methane gas, or other biogas; or \$1.44 per 1,000 standard cubic feet of hydrogen fuel.

The facilities approved cannot exceed 180 megawatts of nameplate generating capacity related to wind energy facilities, and cannot exceed the combined output of 20 megawatts of capacity and 167 billion BTUs of heat related to other facilities.

Effective July 1, 2011, the amount of nameplate generating capacity for renewable energy tax credit projects was increased to 363 megawatts. This was an increase from the prior maximum amount of nameplate generating capacity for wind projects of 330 megawatts.

Beginning January 1, 2009, small wind energy systems operating in a small wind innovation zone will be eligible for the renewable energy tax credit of 1.5 cents per kilowatt-hour of electricity. The small wind energy system must have a nameplate generating capacity of 100 kilowatts or less.

A political subdivision of the state of Iowa, including but not limited to a city, county, township, school district, community college, area education agency,

institution under the control of the state board of regents, or any other local commission, association, or tribal council can seek approval from the Iowa Utilities Board to set up a small wind innovation zone.

Any tax credit in excess of the tax liability can be carried forward for seven years. A tax credit certificate is issued by the Department of Revenue for the amount of the credit, and the credit can be transferred once. A producer or purchaser can receive the tax credit certificates for a 10-year period, and no credit can be used for a tax year beginning prior to July 1, 2006.

Sections 422.11J, 422.33(16) and 422.60(8)

### **S Corp Apportionment Credit:**

Individual resident shareholders of S corporations which conduct business within and without Iowa can claim a tax credit. The credit is structured so that the S corporation is taxed on the greater of income attributable to Iowa under the single sales factor or actual distributions by the S corporation less federal income tax. The intent is to treat S corporations similar to C corporations that are entitled to apportion income within and without Iowa. Complete form IA 134 and include with the IA 1040.

For tax years beginning on or after January 1, 2013, the credit is available to estate and trust shareholders of S corporations.

The amount of any unused credit may not be carried forward.

Section 422.8(2)(b)

### **School Tuition Organization Tax Credit Contributions:**

A school tuition organization tax credit is available for individual income tax equal to 65% of the amount of a contribution made by a taxpayer to a school tuition organization. The contribution cannot be used for the direct benefit of any dependent of the taxpayer or any other student designated by the taxpayer.

The school tuition organization tax credit is also available for corporation income tax. The maximum amount of school tuition organization tax credits available for corporation income tax equals 25% of the tax credits allocated to each school tuition organization.

A school tuition organization must be a charitable organization in Iowa that is exempt from federal taxation under section 501(c)(3) of the Internal Revenue Code that allocates at least 90% of its annual revenue in tuition grants for children who reside in Iowa to allow them to attend a qualified school of their parents' choice. The school tuition organization must represent more than one school, and they can only provide tuition grants to eligible students who are

members of households whose annual income does not exceed an amount equal to three times the most recently published Federal poverty guidelines published by the U.S. Department of Health and Human Services.

The Iowa Department of Revenue will authorize school tuition organizations to issue tax credit certificates for the following tax year. The total of tax credit certificates to be authorized is \$8.75 million, for the 2013 calendar year. Effective for tax years beginning on or after January 1, 2013, the credit is available to partnerships, limited liability companies, S corporations, estates, and trusts. The credit is based on the pro-rata share of earnings from the pass-through entity.

The organization will then issue tax credit certificates to the persons that made a contribution to the organization. The tax credit certificate will contain the taxpayer's name, address, tax identification number, amount of contribution, amount of the tax credit, and any other information required by the Department.

Any credit in excess of the tax liability is not refundable but may be credited to the tax liability for the following five years or until depleted, whichever is the earlier.

The amount of the contribution cannot be taken as an itemized deduction for charitable contributions for Iowa income tax purposes.

Section 422.11M

### **Nonresidents and Part-year Residents:**

The school tuition organization tax credit must be adjusted using the following steps:

**Step 1.** Divide Iowa net income (line 26, IA 126) by all-source net income of you and spouse (line 26, IA 1040).

**Step 2.** Multiply Step 1 above by the amount of credit shown on the tax credit certificate.

**Step 3.** Enter this amount in column D on Part I of the IA 148.

### **Solar Energy System Tax Credit**

Effective for tax years beginning on or after January 1, 2012, a solar energy system tax credit is available for solar energy systems located in Iowa.

For individuals, the solar energy system tax credit is equal to 50% of the federal residential energy efficient property tax credit related to solar systems provided in section 25D(a)(1) of the Internal Revenue Code for solar electric property and section 25D(a)(2) of the Internal Revenue Code for solar water heating property. The Iowa credit for an individual cannot exceed \$3,000.

The federal credit is available for property placed in service before January 1, 2017, so the Iowa credit will be available for the 2012-2016 tax years. The federal credit is claimed on federal form 5695, Residential Energy Credits for individuals.

Any credit in excess of the tax liability is not refundable, but the excess can be carried forward to the tax liability for the next ten years or until depleted, whichever is the earlier.

The cumulative amount of tax credits that can be issued to both individuals and businesses cannot exceed \$1.5 million.

An individual can claim the tax credit earned by a partnership, LLC, S corporation, or estate or trust electing to have income taxed directly to the individual. The amount claimed by the individual is based on the pro rata share of the individual's earnings in the partnership, LLC, S corporation, or estate or trust.

Taxpayers who claim this credit are not eligible to claim a renewable energy tax credit under Iowa Code chapter 476C.

Sections 422.11L, 422.33, and 476C.2

### **Venture Capital Tax Credit – Innovation Fund**

An innovation fund investment tax credit is available equal to 25% of the taxpayer's equity investment in an innovation fund. The credit is available for investments made on or after January 1, 2013. The innovation fund must be certified by the Iowa Economic Development Authority. The tax credit is capped at \$8 million per fiscal year

The Authority will issue tax credit certificates to investors who make cash investments in a certified innovation fund. No tax credit certificates will be issued before September 1, 2014. Any tax credit in excess of the tax liability for the tax credit may be credited to the tax liability for the following five years or until depleted, whichever is earlier. The credits are transferable, but may only be transferred once.

### **Venture Capital Tax Credit - Iowa Fund of Funds:**

Starting in 2002, a contingent tax credit is available for investments to a qualifying business, community-based seed capital fund, or a venture capital fund certified by the Iowa Capital Investment Board. The tax credit is only allowed to the extent that the actual rate of return on these investments does not meet the rate of return guaranteed to investors. The Iowa fund of funds will make investments in venture capital funds who make a commitment to consider investments in businesses located in Iowa.

The contingent tax credits are capped at \$60 million in the aggregate, and cannot be claimed until at least five

years after the investment is made. Also, only \$20 million of credits can be claimed in one year. The credit is nonrefundable, with a 7-year carryforward.

The tax credit certificate is issued by the Iowa Capital Investment Board.

### **Venture Capital Tax Credit - Qualified Business or Seed Capital Fund:**

Starting in 2002, a tax credit is allowed for 20% of the equity investment made into a qualifying business or community-based seed capital fund approved by the Iowa Capital Investment Board. This credit is focused on "angel investors" who make investments in start-up companies. The tax credit cannot be claimed until three years after the investment is made; for example, investors who made investments in 2010 cannot claim the tax credit until the 2013 tax return.

Credits can be claimed until the total cap of \$10 million is reached. This is a nonrefundable credit, with a 5-year carryforward.

Sections 15E.43, 422.11F, 422.33(12) and 422.60(5)

### **Venture Capital Credit - Venture Capital Funds:**

Starting in 2002, a tax credit is allowed for 6% of the equity investment made in a venture capital fund approved by the Iowa Capital Investment Board. The tax credit cannot be claimed until three years after the investment is made; for example, investors who made investments in 2010 cannot claim the tax credit until the 2013 tax return. The credits are capped in the aggregate at \$5 million. This is a nonrefundable credit, with a 5-year carryforward.

This credit was repealed for investments made after July 1, 2010.

Sections 15E.51, 422.11G, 422.33(13) and 422.60(6)

### **Wind Energy Production Tax Credit:**

The wind energy production facility must be placed in service on or after July 1, 2005, but before July 1, 2012, to qualify for the tax credit.

Effective July 1, 2011, the nameplate capacity limit was reduced from 150 megawatts of nameplate capacity to 50 megawatts.

For applications filed on or after March 1, 2008, the facility must also consist of one or more wind turbines connected to a common gathering line which has a combined nameplate capacity of no less than two megawatts and no more than 30 megawatts.

The credit is equal to 1 cent multiplied by the number of kilowatt-hours of electricity sold or used for on-site consumption. Any tax credit in excess of the tax liability can be carried forward for seven years. A tax credit certificate is issued by the Department of Revenue for



the amount of the credit, and the credit can be transferred once. The credit cannot be used for a tax year beginning prior to July 1, 2006.

In cases where the applicant is a partnership, limited liability company, S corporation, estate, trust, or other reporting entity which elects to have income taxed directly to an individual and the applicant is also eligible to receive renewable electricity production tax credits authorized under section 45 of the Internal Revenue Code, the credit does not have to be based upon the individual's pro rata share of earnings from the entity.

For applications filed on or after July 1, 2009, Iowa colleges, schools, and public hospitals will be eligible for the wind energy production tax credit for qualified electricity generated for their own use as long as the combined nameplate capacity is  $\frac{3}{4}$  of a megawatt or greater.

There are two alternatives to issue the tax credits, as noted below:

- The credit can be claimed based on the amounts designated by the eligible partnership, limited liability company, or S corporation to a partner, member, or shareholder, or
- The credit and all future rights to the tax credit may be distributed to an equity holder or beneficiary as a liquidating distribution, or portion thereof, of a holder or beneficiary's interest in the applicant entity

In both cases, the applicant must identify, in the application for the tax credit certificate, the holders or beneficiaries that are to receive the tax credit certificates.

Sections 422.11J, 422.33(16) and 422.60(8)

## 51. BALANCE.

Subtract the amount on line 50 from the amount on line 49. If less than zero, enter zero.

## 52. SCHOOL DISTRICT SURTAX/ EMERGENCY MEDICAL SERVICES SURTAX.

If you do not know your school district name, it is listed on your voter registration card.

Multiply the amount on line 51 by the surtax rate and enter the result. Residents of school districts that do not have a surtax should enter zero on line 52. The applicable school district is the one in which you resided on the last day of the tax year, not necessarily the district where your children attend school. Taxpayers without children, or without children in public school, are still subject to this tax.

Counties may impose a countywide Emergency Medical Services (EMS) income surtax. At this time, Appanoose is the only county that has an EMS surtax.

The EMS surtax is included in the school district surtax list.

If you itemize, you may claim the school district surtax/ EMS surtax shown on your 2012 Iowa income tax return as an itemized deduction on line 4 of the 2013 Iowa Schedule A.

## 53. TOTAL TAX.

Add lines 51 and 52 and enter the total on line 53.

## 54. TOTAL TAX BEFORE CONTRIBUTIONS.

Add the amounts in columns A and B on line 53 and enter the total on line 54.

## 55. CONTRIBUTIONS.

Enter your voluntary contributions to any of the following "checkoffs" in boxes 55a, 55b, 55c, and 55d. Please note that you may contribute to any of the checkoffs regardless of whether you are entitled to a refund or owe additional taxes, but your contribution will reduce your refund or add to the amount you owe. Your contribution will qualify as a charitable contribution on your 2014 return if the return is filed during the 2014 calendar year. If you file an amended return, you cannot change your contribution.

### 55a. FISH AND WILDLIFE FUND.

**(Chickadee Checkoff).** You may contribute any amount of \$1 or more to the Iowa Fish and Wildlife Protection Fund. Your contribution through this checkoff is the primary support for **Iowa's Wildlife Diversity Program** which monitors, researches and manages the state's nongame species of wildlife. According to the Natural Resource Commission policy, 100% of the money donated to this program goes to the Wildlife Diversity Program.

### 55b. IOWA STATE FAIR FOUNDATION.

**(Corn Dog Checkoff).** You may contribute any amount of \$1 or more to this fund. The proceeds from this checkoff will be added to other sources such as gifts, donations and bequests to be used by the **Iowa State Fair Blue Ribbon Foundation** to fund capital projects and improvements to property on the Iowa State Fairgrounds.

### 55c. FIREFIGHTERS.

You may contribute any amount of \$1 or more to this fund. This checkoff will be used to train Iowa's firefighters. The money collected will be used to offset the financial burdens that many fire departments deal with when it comes to ensuring their firefighters are adequately trained in all facets of emergency response.

The amounts contributed to the joint Firefighters Preparedness Fund / Veterans Trust Fund checkoff will be split evenly between these two funds.



### 55c. VETERANS TRUST FUND.

You may contribute any amount of \$1 or more to the Veterans Trust Fund. This fund assists veterans with job training, expenses related to facility or at-home care, individual or family counseling, and other services.

### 55d. CHILD ABUSE PREVENTION.

You may contribute any amount of \$1 or more to this fund. Proceeds will go to support the Iowa Child Abuse Prevention Program, which funds crisis and respite child care, parent education, child sexual abuse prevention programs, and young parent support.

**Married Separate Filers:** Married couples filing separately on a combined return (filing status 3) must enter their combined checkoff amounts in the appropriate box(es) if both choose to contribute to a specific checkoff.

## 56. TOTAL TAX AND CONTRIBUTIONS.

Add lines 54 and 55 and enter the total on line 56.

## STEP 9 CREDITS

### 57. OUT-OF-STATE TAX CREDIT.

All income an Iowa resident earns is taxable to Iowa to the same extent that it is taxable on the federal return even if the income was earned in another state or foreign country. If another state or foreign country taxes that same income, then the Iowa resident may be able to claim a credit on this line. Use form IA 130 to compute the Out-of-State Tax Credit.

- Nonresidents of Iowa cannot claim this credit.
- Part-year residents of Iowa may claim this credit ONLY if the income they earned while an Iowa resident was also taxed by another state or country.

The state or foreign income tax imposed on your income is the tax shown on the income tax return you filed with that state or country. It is not the amount that was withheld from your wages.

An IA 130 form must be figured separately for each state or foreign country. Separate IA 130s are not required for foreign taxes paid by mutual funds or other regulated investment companies.

The combined total of all credits cannot exceed the Iowa tax liability.

In order to receive the credit, a complete copy of your income tax return(s) filed with the other state(s) must be submitted with your Iowa return, along with a copy of the IA 130. If you are claiming the credit for taxes paid to a foreign country, include a copy of federal

form 116, Computation of Foreign Tax Credit if it is required with your federal return.

## SPECIAL INSTRUCTIONS FOR MINIMUM TAX OR LUMP-SUM DISTRIBUTION TAX:

If you were assessed a minimum tax or a special lump-sum distribution by another state or items similarly taxed on your Iowa return, you must separately compute an out-of-state credit for each of these items. Do not include minimum tax or a special lump-sum tax when computing the regular tax credit.

**Minimum Tax** - Report the amount of preference items taxed by the other state on line 1. However, a preference item in line 1 only if it is also a preference item for Iowa purposes. Divide the amount on line 1 by the total amount of tax preference taxed by Iowa. Enter this amount on line 2. Enter on line 4 the minimum tax figure from line 41, IA 1040. On line 6, report only the portion of the minimum tax liability from the other state which applies to preference items which were also taxed by Iowa.

**Lump-Sum Distribution** - Report on line 1 the amount of distribution subject to special lump-sum tax by the other state. Do not include distribution taxed by other state as part of gross income. Utilize the total lump-sum distribution taxed by Iowa to compute the percentage on line 3 and report on line 4 the Iowa Lump-sum Distribution Tax from line 40, IA 1040.

**Examples** on how to complete the IA 130 are available in the Expanded Instructions on our website.

### 58. MOTOR FUEL TAX CREDIT.

Enter the amount of Motor Fuel Tax Credit from Schedule IA 4136, line 7. The federal Schedule 4136 cannot be used. The Iowa credit does not apply to gasoline used in on-road vehicles or pleasure boats.

**If you have an Iowa Motor Fuel Tax Refund Permit Number** and have claimed any refunds during the tax year, do not claim any credit on this line.

**For partnerships and S corporations**, the amount of credit reported by each partner or shareholder is based on his or her share of earnings or losses. Each partner's/shareholder's share of the credit is found in Part III of the partner's/shareholder's IA K-1.

### 59. CHILD AND DEPENDENT CARE CREDIT OR EARLY CHILDHOOD DEVELOPMENT CREDIT.

Only one of the following two credits may be taken:

- Child and Dependent Care Credit **OR**
- Early Childhood Development Tax Credit.

Only taxpayers with a net income of less than \$45,000 are eligible to take one of these credits. If you are married, your net income and the net income of your

spouse must be combined to determine if you qualify, even if your spouse does not file an Iowa return.

These credits are refundable. Even though you may not be required to file an Iowa return, you may wish to do so in order to claim a refund for one of these credits. You are not eligible for the Child and Dependent Care Credit if you were unable to take it on your federal return.

## CHILD AND DEPENDENT CARE CREDIT

Use the following worksheet and percentage table to calculate the Child and Dependent Care Credit. The percentages are based on your Iowa net income on line 26. You must include a copy of your completed federal form 2441.

### Child and Dependent Care Credit Worksheet

1. Enter the amount from line 11 of federal form 2441.  
1. \_\_\_\_\_
2. If total of line 26 of the IA 1040, columns A and B, is:  
allowable %                      allowable %  
Less than \$10,000 ..... 75%    \$25,000 - \$34,999 ..... 50%  
\$10,000 - \$19,999 ..... 65%    \$35,000 - \$39,999 ..... 40%  
\$20,000 - \$24,999 ..... 55%    \$40,000 - 44,999 ..... 30%  
   \$45,000 and over: ..... 0%  
Enter % here    2. \_\_\_\_\_
3. Multiply line 1 by percentage on line 2. Enter the result here and on line 59 of the IA 1040.    3. \_\_\_\_\_

### Nonresidents and Part-year Residents:

The Child and Dependent Care Credit must be adjusted using the following steps:

**Step 1.** Divide Iowa net income (line 26, IA 126) by all-source net income of you and spouse (line 26, IA 1040). The ratio cannot exceed 100%.

**Step 2.** Multiply Step 1 above by the amount of credit calculated in the worksheet, line 3.

**Step 3.** Enter this amount on line 59 of the IA 1040.

## EARLY CHILDHOOD DEVELOPMENT CREDIT

If you are choosing the Early Childhood Development Tax Credit, you may take the credit equal to 25% of the first \$1,000 of qualifying expenses paid in 2013 for each dependent from the ages of three through five.

### Expenses that qualify include the following:

- Services provided by a preschool, as defined in Code section 237A.1
- Books that improve child development, such as textbooks, music and art books, teacher's editions, and reading books
- Instructional materials required to be used in a lesson activity, such as paper, notebooks, pencils, and art supplies

- Lesson plans and curricula

Child development and educational activities outside the home, such as drama, art, music, museum activities, and the entrance fees for such activities

### Early childhood development expenses that do NOT qualify include:

- Food, lodging, or membership fees relating to child development and educational activities outside the home
- Services, materials, or activities for the teaching of religious tenets, doctrines, or worship, if the purpose of these expenses is to instill those tenets, doctrines, or worship

**Nonresidents and Part-year Residents:** No adjustment is required to the Early Childhood Development Tax Credit.

**Married Separate Filers:** In computing the credit, the combined net income of both spouses must be used. The credit must be divided between spouses in the ratio of each spouse's net income to their combined net income.

## 60. IOWA EARNED INCOME TAX CREDIT.

The Iowa Earned Income Tax Credit is a refundable credit.

This credit is available only to taxpayers who qualify for the federal Earned Income Tax Credit (EITC).

To find out if you qualify for federal EITC, see the online IRS EITC information or call the IRS at 1-800-829-1040.

To calculate the Iowa Earned Income Tax Credit, multiply your federal EITC by .14 (14.0%)

### If you are filing an Iowa return ONLY to claim

**EITC:** If you qualify for the low income exemption as explained in the instructions for line 26 and are filing an Iowa return **only** to claim a refund of the Iowa EITC, enter the words "low income exemption" in the area to the left of your net income figure on line 26. Enter zero on lines 53, 54, and 56. Enter the amount of your Iowa EITC on lines 60, 62, 67, 68, 69, and 70.

### Nonresidents and Part-year Residents:

The Iowa EITC must be adjusted using the following formula.

Iowa net income (line 26, IA 126)

*divided by*

All-source net income of you and spouse (line 26, IA 1040)

(The ratio cannot exceed 100%.)

*multiplied by* the Iowa Earned Income Tax Credit  
*equals* credit on line 60

**Married Separate Filers:** The Iowa EITC must be divided between spouses in the ratio of each spouse's earned income to the total earned income of both spouses. Earned income includes wages, salaries, tips, other compensation, and net earnings from self-employment.

## **61. OTHER REFUNDABLE CREDITS.**

Enter the total of other credits from Part II of the IA 148 Tax Credits Schedule.

**Form IA 148 Tax Credits Schedule  
must be completed.**

### **Assistive Device Tax Credit:**

A taxpayer who is a small business that purchases, rents, or modifies an assistive device or makes workplace modifications for an individual with a disability is eligible for this credit. The credit is limited to 50% of the first \$5,000 paid for the assistive device or workplace modification. The Iowa Economic Development Authority certifies those eligible for the credit and issues tax credit certificates for eligible claimants. This is a refundable credit.

This credit was repealed effective on July 1, 2009, for individual income tax, but is still available for corporation income tax.

422.11E & 422.33(9)

### **Biodiesel Blended Fuel Tax Credit:**

**This is not a motor fuel tax credit or refund. It is an income tax credit.** Include a copy of form IA 8864 with your Iowa income tax return.

A biodiesel blended fuel tax credit is available to retail dealers of diesel fuel who operate motor fuel pumps at a retail motor fuel site. Tank wagons are considered retail motor fuel sites.

To qualify for the tax credit, the biodiesel fuel must contain a minimum percentage of 5% by volume of biodiesel.

The tax credit equals 4.5 cents multiplied by the total number of gallons of biodiesel blended fuel that had a blend of 5% or higher.

Any credit in excess of the tax liability may be refunded or, in the alternative, credited to the tax liability for the following year. If the biodiesel blended fuel tax credit is earned by partnerships, limited liability companies, S corporations, estates, or trusts where income is taxed directly to the individual, the credit can be claimed by the individual based on the pro rata share of the individual's earnings in the entity.

422.11P and 422.33(11C)

## **Claim of Right Credit:**

A credit may be taken if there was income repaid in the 2013 tax year that was reported and taxed on a prior Iowa return. To calculate the credit, recompute the tax in the prior year without the repaid income. Enter the tax reduction that was calculated as a credit on this line. However, it may be to your advantage to take an income adjustment on line 24. You may take either the credit on this line or a deduction of the amount repaid on line 24, but not both.

**Example** of Claim of Right Credit: A taxpayer received a \$5,000 bonus in 2011 and reported it on the 2011 Iowa return. In 2013 the taxpayer's employer advised that the bonus was awarded in error and was to be repaid. The bonus was repaid by the end of 2013. After recomputing the 2011 Iowa return, there is a \$440 reduction in tax. The taxpayer may claim a credit of \$440 on line 61 of the 2013 Iowa return.

## **E15 Plus Gasoline Promotion Tax Credit**

**This is not a motor fuel tax credit or refund. It is an income tax credit.** Attach a copy of form IA 138 to your Iowa income tax return.

A retail dealer of gasoline who sells E-15 plus gasoline is entitled to an E15 Plus Gasoline Promotion Tax Credit. E15 plus gasoline is ethanol blended gasoline with an ethanol content between 15% and 69% by volume.

The amount of credit is three cents multiplied by the total number of gallons of E15 plus gasoline sold. A taxpayer may claim the E15 Plus Gasoline Promotion Tax Credit even if the taxpayer claims the Ethanol Promotion Tax Credit for the same ethanol gallons.

Any credit in excess of the tax liability may be refunded or, in the alternative, credited to the tax liability for the following year. If the E15 Plus Gasoline Promotion Tax Credit is earned by partnerships, limited liability companies, S corporations, estates, or trusts where income is taxed directly to the individual, the credit can be claimed by the individual based on the pro rata share of the individual's earnings in the entity.

422.5(10)

## **E85 Gasoline Promotion Tax Credit:**

**This is not a motor fuel tax credit or refund. It is an income tax credit.** Include a copy of form IA 135 with your Iowa income tax return.

An income tax credit is available to retail dealers of gasoline who sell E85 gasoline through motor fuel pumps during the tax year.

Any credit in excess of the tax liability is refundable. The credit can be claimed on form IA 135.

**The amount of the credit is determined by multiplying the total number of E85 gallons sold by 16 cents.**

Retail dealers of gasoline whose tax year is not on a calendar year basis may compute the tax credit on the gallons of E85 gallons sold during the year using the applicable credit amounts as shown above. A retail dealer of gasoline whose tax year ends prior to December 31, 2017, can continue to claim the tax credit in the following tax year for any E85 gallons sold through December 31, 2017.

A retail dealer whose tax year is not on a calendar year basis and who did not claim the E85 credit on the previous return may claim the credit for the current tax year for the period beginning on January 1 of the previous tax year to the last day of the previous tax year. This section is repealed on January 1, 2018.

Any credit in excess of the tax liability may be refunded or, in the alternative, credited to the tax liability for the following year. If the E85 gasoline promotion tax credit is earned by partnerships, limited liability companies, S corporations, estates, or trusts where income is taxed directly to the individual, the credit can be claimed by the individual based on the pro rata share of the individual's earnings in the entity.

422.11O and 422.33(11B)

#### **Ethanol Promotion Tax Credit:**

**This is not a motor fuel tax credit or refund. It is an income tax credit.** Include a copy of form IA 137 with your Iowa income tax return.

Effective January 1, 2009, an ethanol promotion tax credit is available to retail dealers of ethanol blended gasoline. This replaces the ethanol blended gasoline tax credit.

The amount of the tax credit is based on the pure amount of ethanol gallons sold; for example, 10 gallons of E10 equals 1 gallon of pure ethanol. The credit is repealed on January 1, 2021.

The amount of the tax credit depends on whether the retail dealer attains a biofuel threshold standard, and how many gallons of motor fuel are sold in a year. The biofuel threshold standards for retail dealers who sell more than 200,000 gallons in a year, compared with the biofuel threshold standards for dealers who sell 200,000 gallons or less in a year, are shown in the following chart:

<b>Calendar Year</b>	<b>Percentage more than 200,000</b>	<b>Percentage 200,000 or less</b>
2013	14%	12%
2014	15%	13%
2015	17%	14%
2016	19%	15%
2017	21%	17%
2018	23%	19%
2019	25%	21%
2020	25%	25%

The credit is calculated separately for each retail motor fuel site. For any year in which the retail dealer has met the threshold, the credit is 8 cents of each gallon of pure ethanol sold. If the retail dealer misses the threshold by 2% or less, the credit is 6 cents of each gallon of pure ethanol sold. If the retail dealer misses the threshold by more than 2% but not more than 4%, the credit is 4 cents of each gallon of pure ethanol sold. If the retail dealer misses the threshold by 4% or more, then no credit is allowed.

The retail dealer determines the biofuel percentage by summing the pure ethanol gallons and the pure biodiesel gallons sold during the calendar year, and dividing this sum by the total gasoline gallons sold during the calendar year. While the biodiesel gallons are included in the computation of the biofuel percentage to determine if the threshold is met, only the pure ethanol gallons sold are used in determining the amount of the credit.

**Example:** A retail dealer only operates one motor fuel site. The number of gallons of gasoline sold at this site in 2013 equals 100,000 gallons. This consisted of 5,000 gallons of E85, 80,000 gallons of E10, and 15,000 gallons not containing ethanol. The dealer also sold 15,000 gallons of diesel fuel at this site during 2013, of which 5,000 gallons was B2 (2% biodiesel). The pure ethanol gallons is 12,250 ( $5,000 \times 85\% = 4,250$ .  $80,000 \times 10\% = 8,000$ .  $4,250 + 8,000 = 12,250$ ). The pure biodiesel gallons sold is 100, or  $5,000 \times 2\%$ . The total of 12,250 and 100, or 12,350, is divided by the total gasoline gallons sold of 100,000 to arrive at a biofuel percentage of 12.35%. Since this exceeds the 12% threshold for a dealer selling less than 200,000 gallons, the credit is 8 cents  $\times$  12,250, or \$980.

A retail dealer of gasoline will be able to claim the ethanol promotion tax credit even if the dealer claims an E85 gasoline promotion tax credit or the E15 Plus Gasoline Promotion tax credit for the same tax year for the same ethanol gallons sold. For retail dealers of gasoline whose tax year is not on a calendar year basis, the retail dealer may compute the tax credit on the gallons of pure ethanol sold during the year using the



applicable credit amounts as shown. Any credit in excess of the tax liability is refundable.

422.11N and 422.33(11A)g

### **Historic Preservation and Cultural and Entertainment District Tax Credit:**

A historic preservation and cultural and entertainment district tax credit is available for 25% of the qualified costs of rehabilitation of eligible property in Iowa. This credit is administered by the state historic preservation office of the Iowa Department of Cultural Affairs.

Any credit in excess of the tax liability is fully refundable and not discounted.

The historic preservation and cultural and entertainment district tax credit can be transferred to any person or entity.

For the fiscal year beginning July 1, 2012, the amount of aggregate tax credits is \$45 million.

The total of \$45 million of tax credits available in a fiscal year are allocated as follows:

- \$4.5 million for projects with final qualified rehabilitation costs of \$500,000 or less
- \$13.5 million for projects located in cultural and entertainment districts or projects identified in Iowa great places agreements
- \$9 million for disaster recovery projects
- \$9 million for projects that involve the creation of more than 500 permanent jobs
- \$9 million for any other eligible project

For projects that involve the creation of more than 500 permanent jobs, the jobs must be created within two years of the date the tax credit certificate is issued. The credit is subject to recapture by the Department of Revenue if the jobs are not created within two years.

For credits reserved on or after July 1, 2009, the project must be completed within 60 months of the date on which the project application was approved.

This may be extended by 12 months if more than 50% of the qualified rehabilitation costs are incurred within 60 months.

This information is based on rule 701-42.15 .

422.11D, 422.33(10), 422.60(4) and 404A.2

### **Research Activities Credit:**

Starting in 1985, a credit became available for 6.5% of Iowa's apportioned share of qualifying expenditures for increasing research activities. The Iowa research credit is based on the federal research activities credit, with the Iowa credit based on the ratio of Iowa research expenditures over total research expenditures.

Effective with the enactment of 2011 Iowa Acts, Senate File 512 on April 12, 2011, Iowa has coupled with the "Alternative Simplified Research Credit" which can be elected at the federal level. This credit is claimed on form IA 128S. A taxpayer may choose each year whether to take the alternative credit or the "regular" research credit for Iowa tax purposes.

Taxpayers who are approved by the Iowa Economic Development Authority under the New Jobs and Income Program or the Enterprise Zone program prior to July 1, 2010 can double their research credit claimed on either the the IA 128 and IA 128S, The research credit can be doubled under the High Quality Jobs Program for taxpayers approved by the Iowa Economic Development Authority if certain criteria is met. For approvals on or after July 1, 2010, the amount of supplemental research activities credit depends upon the gross revenue of the eligible business. See instructions to the IA 128 and IA 128S for more information.

Sections 422.10 and 422.33(5) and 15.335 and 15A.9(8)

## **62. TOTAL REFUNDABLE CREDITS**

Add the amounts on lines 57 through 61 and enter the total.

## **63. TAX AFTER CREDITS**

Subtract line 62 from line 53. If less than zero, enter zero.

## **64. TAXPAYERS TRUST FUND TAX CREDIT**

A tax credit of \$54 can be claimed for each taxpayer who files a 2013 Iowa 1040 return by October 31, 2014. If the 2013 Iowa 1040 return is filed after October 31, 2014, no credit will be allowed.

For taxpayers who file married filing separately on a combined return, each spouse can claim the \$54 credit. For taxpayers who file a joint return, the total credit will be \$108. Dependents filing their own returns may also claim the \$54 taxpayer trust fund tax credit even though they are claimed as a dependent on another person's tax return.

The credit is limited to the tax liability shown on line 63, and there is no carry forward of any excess credit that is unused.

**EXAMPLE:** Jay reports \$45 tax on line 53, and has no contributions or other refundable tax credits. The taxpayer trust fund tax credit is limited to the \$45 reported on line 63.

**EXAMPLE:** Melissa reports \$100 tax on line 53, and claims a \$240 earned income tax credit on line 60. No taxpayer trust fund tax credit is allowed, since the tax on line 63 is \$0.

## 65. IOWA INCOME TAX WITHHELD.

Enter the total amount of income tax withheld for Iowa from your W-2s, W-2Gs, and/or 1099s. This will be the figure shown in the box labeled "State income tax withheld."

Copies of the W-2s W-2Gs, and/or 1099s showing Iowa tax withheld must be included with the return. Photocopies of originals are accepted. Your W-2s W-2Gs, and/or 1099s must be complete and legible with no alterations.

**Employees:** If you need a copy of your W-2, first ask your employer. Since employers are not required to send copies of W-2s to the Iowa Department of Revenue, we are not able to furnish them to you. If you are unable to obtain a copy from your employer, here are some other possible options:

Social Security Administration (SSA) - will provide copies of Forms W-2 for retirement purposes at no charge and for other than retirement purposes for a fee. Call 1-800-772-1213, or visit the SSA web site at [www.ssa.gov](http://www.ssa.gov) for instructions on how to obtain wage information from the SSA.

Internal Revenue Service (IRS) – will provide an exact copy of a previously filed and processed tax return with attachments (including Form W-2). You should complete Form 4506, Request for Copy of Tax Return, and mail it to the address listed in the instructions. A fee will be charged for each tax year requested.

**Married Separate Filers** (including status 4):

Withholding is reported by the spouse receiving the W-2, W-2G, and/or 1099.

## 66. ESTIMATED AND VOUCHER PAYMENTS.

Enter the total amount of 2013 Iowa estimated tax payments. This includes any 4th-quarter payment made in January 2014 and any payments made with the IA 1040V Payment Voucher for tax year 2013. Also, include any amount applied to your 2013 Iowa estimated tax from line 71 of your 2012 Iowa income tax return. You cannot claim any additional Iowa income tax paid for 2012 or for any prior tax years as an estimated payment.

### Why bother with paper?

You can arrange to have your estimated payments paid directly from your credit union or bank account and you can check your estimated payment history through ePay on our Department's eFile & Pay Web site.

In addition, you can make your final income tax payment by credit/debit card.

## 67. TOTAL.

Add the amounts on lines 62, 64, 65 and 66 and enter the total.

## 68. TOTAL CREDITS.

Add columns A and B of line 67; enter the total.

## STEP 10: REFUND OR AMOUNT YOU OWE

### 69. AMOUNT YOU OVERPAID.

If line 68 is more than line 56, subtract line 56 from line 68 and enter the difference. You can have all or part of this amount refunded to you on line 70. The remainder, if any, can be applied to your estimated tax for 2014 on line 71.

### 70. AMOUNT TO BE REFUNDED.

Enter the portion of the amount shown on line 69 you wish to have refunded to you.

**Paper-filers:** Allow at least 10 - 12 weeks to receive your refund. **Errors delay return processing.** Paper returns have an error rate of approximately 30%. Errors can delay a refund up to six additional months. Direct deposit is not available to paper filers.

**E-filers:** Receive your refund in two weeks or less. Less than 10% of electronic returns needed review last year. Iowa has several options for e-filing. Some of them are free. **Direct deposit is available only to e-filers.** Direct deposit of Iowa refunds can only be made into one account.

### 71. OVERPAYMENT APPLIED TO ESTIMATED TAX.

Subtract line 70 from line 69. This is the amount that will be applied to your estimated tax for 2014. Enter this amount on line 71. Use only column A if you and your spouse file jointly.

If you choose to apply part or all of your overpayment to your estimated tax for 2014, the return **must** be filed by December 31, 2014, and this choice **cannot** be changed after December 31, 2014.

2013 returns filed after December 31, 2014, may not request that overpayment be applied to estimated tax. Any overpayment will be refunded.

If you do not make any entry on line 70 or 71, the entire amount of the overpayment on line 69 will be refunded to you.

### THE TOTAL OF LINES 70 AND 71 MUST EQUAL THE AMOUNT ON LINE 69.

#### Married Filing Separately on a combined return:

Entries in both column A and column B will establish two estimated tax accounts, and you and your spouse will receive separate estimated forms to complete.

## 72. AMOUNT OF TAX YOU OWE.

If line 68 is LESS THAN line 56, subtract line 68 from line 56 and enter the difference.

### About Iowa income tax withholding...

If the amount you owe (line 72) or the amount you overpaid (line 69) is large, you may wish to file a new IA W-4 with your employer to change the amount of Iowa income tax withheld from your pay.

## 73. PENALTY FOR UNDERPAYMENT OF ESTIMATED TAX.

If you are required to make estimated tax payments but fail to make the payments, you are subject to a penalty in addition to any tax you may owe. The penalty is determined in the same way as for federal purposes. Consequently, you must include your Iowa income, lump-sum, and minimum taxes when calculating the penalty for underpayment of estimated tax.

If you are subject to this penalty, complete IA 2210 (IA 2210F for farmers and fishers) or IA 2210S and enter the penalty on this line. Include a copy of the IA 2210, IA 2210F, or IA 2210S with your return. If you elect to use the annualized method of computing the penalty, include a copy of your IA 2210 Schedule AI (Annualized Income Installment Method) with your tax return.

If you are due a REFUND, subtract the penalty amount from the overpayment you show on line 70 or line 71.

Examples of how to complete the IA 2210 are in the 2013 online version of the Expanded Instructions.

Individuals who expect to owe Iowa tax of \$200 or more for the tax year from income not subject to Iowa withholding tax must make quarterly estimated tax payments. These payments may be made through ePay (direct debit) on our Web site or with an IA 1040ES form.

## 74. PENALTY AND INTEREST.

Enter the penalty on line 74a, the interest on line 74b and the total on line 74.

### 74a. PENALTY

#### 10% Penalty for Failure to Timely File a Return:

If you do not file your return by the due date and at least 90% of the correct tax is not paid, you owe an additional 10% of the unpaid tax.

#### 5% Penalty for Failure to Timely Pay the Tax Due:

If you file your return on time but do not pay at least 90% of the correct tax due, you owe an additional 5% of the unpaid tax.

You will never be subject to both the 5% and 10% penalties. The penalty will be the applicable 5% or 10%, but not a total of 15%.

## 74b. INTEREST.

Interest must be added to delinquent tax. Interest is added at a rate of 0.4% per month beginning on the due date of the return (April 30) and accrues each month until paid in full. Part of a month constitutes a whole month, so if you pay the tax on June 3, you are late for May and June for a total interest rate of 0.8% (2 x 0.4%).

## 75. TOTAL AMOUNT DUE.

Add lines 72, 73, and 74 and enter the total on line 75. Iowa does not have a payment plan option. Pay as much as you can, and you will be billed for the balance due. Do not send cash.

## HOW TO PAY YOUR TAX

### ePay (direct debit) from our Web site FREE

Arrange to have your balance due paid directly from your bank or credit union account through eFile & Pay.

### Direct Debit payment with the income tax return.

Your tax payment is made from your savings or checking account without having to write a check.

You may be able to make a direct debit payment through your software when you file electronically.

You may be able to schedule the payment for a future date.

### Credit / Debit Card Online

Enter your credit/debit card information and the type of payment. A service fee will be charged by Official Payments Corp. Cards accepted: Visa, Master Card, American Express, Discover.

### Credit / Debit Card by phone at 1-800-2PAY-TAX (800-272-9829)

Call the toll-free number and give your credit/debit card information and the type of payment. A service fee will be charged by Official Payments Corp. Cards accepted: Visa, Master Card, American Express, Discover.

### MoneyGram

Pay with cash at MoneyGram locations.

### Mail a check or money order...

with an IA 1040V Payment Voucher payable to: Treasurer, State of Iowa. On the check or money order, write the taxpayer's name (if different than that on the check), the type of tax being paid, and the tax year on the return. Do not send in any payment of less than one dollar. The mailing address is on the voucher.

**NOTE:** If the Department of Revenue adjusts your return, we will use the tax rates provided by Iowa law. The calculation of your tax liability by the Department may vary by up to \$4 from the tax table.

## **STEP 11: POLITICAL CHECKOFF.**

You may assign \$1.50 of your Iowa tax to a specified political party or to the Iowa Election Campaign Fund to be distributed among the qualifying political parties. A qualified political party is one whose candidate for President received at least 2% of the total vote cast in the last general election.

Each spouse may assign \$1.50 to the party of their choice regardless of the filing status of the return. This does not reduce your refund or increase your amount due. This checkoff is an optional feature and is not required to process your return.

### **This year's qualified political parties are:**

- Democratic Party
- Republican Party
- Campaign Fund (split between the two parties)

## **STEP 12: SIGNATURE.**

Returns are not processed and refunds are not issued if returns are not signed. If you and your spouse file a joint or combined return, both of you must sign the return. Include a daytime telephone number.

If a paid tax professional prepared your return, he/she must also sign and enter his/her daytime telephone number and identification number.

### **Deceased Taxpayer**

Write "deceased" on the top of the tax return, check the box on the signature line, and enter the date of death. If your spouse died and you are filing a joint or combined return, write on the deceased's signature line "Filing as a surviving spouse", check the box on the signature line, and enter the date of death. If you have the legal authorization to file for the decedent, sign the return with your legal title or authorization. Also, include any forms required to be filed with your federal return, such as federal form 1310 or a copy of the court certificate showing your appointment as a personal representative of the decedent.



## ADDITIONAL INFORMATION

### WHO MUST FILE?

#### YOU MUST FILE AN IOWA RETURN IF...

...you were a resident or part-year resident of Iowa in 2013 and meet any of the following requirements.

Nonresidents, see items f. and g.

In meeting the filing requirements below, you must add back the pension exclusion (line 21, IA 1040), the Social Security Phase-out amount from line 12 of the Iowa Social Security Worksheet, any amount of lump-sum distribution separately taxed on federal form 4972, and any net operating loss carryover.

**Note to married couples:** Incomes of both spouses must be included when determining who must file.

- a. You had a net income (line 26 of the IA 1040) of more than \$9,000 and your filing status is single. **(\$24,000 if 65 or older on 12/31/13)**
- b. You had a net income (line 26 of the IA 1040) of more than \$13,500 and your filing status is other than single. **(\$32,000 if you or your spouse is 65 or older on 12/31/13.)**
- c. You were claimed as a dependent on another person's Iowa return and had a net income (line 26 of the IA 1040; line 4 of the IA 1040A) of \$5,000 or more.
- d. You were in the military service with Iowa shown as your legal residence even though stationed outside of Iowa. For information about military spouses, please see our information on the Military Spouses Residency Relief Act.
- e. You were subject to Iowa lump-sum tax.
- f. You were a nonresident or part-year resident and your net income from Iowa sources (line 26 of the IA 126) was \$1,000 or more, unless below the income thresholds above. In the case of married nonresidents, the spouses' combined income is used to determine if their income is high enough to require them to file an Iowa return. To understand "Iowa-source income," see the instructions for lines 1-26 of the IA 126.
- g. You were a nonresident or part-year resident and subject to Iowa lump-sum tax or Iowa minimum tax (even if Iowa-source income is less than \$1,000).

### IOWA AND ILLINOIS RECIPROCAL AGREEMENT

Any wages or salary earned by an Iowa resident working in Illinois is taxable only to Iowa and not to Illinois. Any wages or salary earned by an Illinois resident working in Iowa is taxable only to Illinois and not to Iowa.

**An Iowa resident working for wages or salary in Illinois** should complete and file Illinois form IL-W-5-NR "Employee's Statement of Nonresidence in Illinois" with the employer so that the employer will withhold Iowa income tax.

**An Illinois resident working for wages or salary in Iowa** should complete and file the IA 44-016 "Employee's Statement of Nonresidence in Iowa" with the employer so that the employer will withhold Illinois income tax.

Iowa will tax any Iowa-source income received by an Illinois resident that is not from wages or salaries. Illinois will tax any Illinois-source income received by an Iowa resident that is not from wages or salaries. Examples of income that are not wages and salaries and, therefore, not covered under the Iowa-Illinois Reciprocal Agreement are Iowa gambling winnings, unemployment compensation for employment in Iowa, and Schedule C income earned in Iowa.

**Tax Withheld in Error:** If Illinois income tax has been mistakenly withheld from the wages or salary of an Iowa resident, the Iowa resident must file an Illinois income tax return to get a refund. Any questions on how to complete the Illinois return should be directed to the Illinois Department of Revenue at 1-800-732-8866.

Illinois residents who have had Iowa income tax withheld in error from their wages and have no other Iowa-source income must file an Iowa income tax return requesting a refund. They should complete Steps 1, 2, and 3 of the IA 1040, show "0" on line 1 of Step 4, line 26 of Step 5 and line 53 of Step 8, write "Illinois resident tax withheld in error" on the face of the return. On the back of the IA 1040 on lines 62, 65, 68, 69, and 70, enter the Iowa tax withheld, sign the return and include copies of W-2s with the return. Copies of federal and Illinois returns must be enclosed.

## ARE YOU A RESIDENT OF IOWA FOR TAX PURPOSES?

A person can be a resident of only one state at any given time. Usually, it is clear which state that is. Normally, it is the state in which one lives and works. Occasionally, however, the question of residency can be a little more difficult to answer. If a person moves during the year, or for some reason spends an extended period of time outside the state, the actual state of residence may not always be as obvious.

The issue of residency hinges mainly on the *intent* of the individual. That intent is often clear and easy to determine. If a person moves from one state to another with the intent of changing residence, that person will take certain actions. He or she will typically take obvious steps to eliminate ties and contacts with the former state, and establish similar ties and contacts with the new state. In some cases, however, the actions taken by the individual may create some confusion as to the actual intent.

When a person's intent is not readily apparent, several factors are used as a guide to measure that intent. No single factor can be used. All the facts and circumstances of the case must be weighed in their totality to determine a person's intent and residency. Some of the factors used in this analysis are listed below:

- Are you registered to vote in Iowa?
- Have you voted in Iowa? (in person or by absentee ballot)
- Do you or any of your family attend Iowa schools?
- Do you have an Iowa telephone listing and service?
- Do you receive your mail in Iowa?
- Do you have an Iowa driver's license?
- Is your automobile registered in Iowa? Do you have Iowa license plates?
- Do you own a home in Iowa?
- Do you claim homestead and/or military credits for property tax?
- Do you live in any other state for more days of the tax year than in Iowa?
- Do you receive income from an Iowa source?
- Do you receive services from doctors, dentists, attorneys, CPAs or any other professionals located in Iowa?
- Do you have an active membership in an Iowa church, club, professional or civic organization in Iowa, and participate as a result of the membership?

- Do you claim a benefit on the federal income tax return based on an Iowa home being the principal place of business?
- Do you have active checking or savings accounts or use of safe deposit boxes located in Iowa?
- Do you have a location of employment in Iowa or active participation in a business within Iowa?

Please keep in mind that no single factor will typically be sufficient to make a residency determination. When viewed as a whole, the answers to the above questions will generally give a good indication as to the individual's intent, and therefore, to the state of residence.

For more details on the subject of residency, including several examples, please refer to Iowa Rule 701-38.17.

Members of the military and their spouses should reference Iowa Tax Responsibilities of Military Personnel for additional information.

## NONRESIDENTS AND PART-YEAR RESIDENTS - WHAT INCOME TO REPORT

A nonresident or part-year resident of Iowa must complete the IA 1040 in the same way an Iowa resident does, by reporting the individual's total net income, including income earned outside Iowa. In addition, the taxpayer is allowed adjustments to income, a federal tax deduction, and standard or itemized deductions on the same basis as if the taxpayer were a resident of Iowa.

The nonresident/part-year resident then completes a Schedule IA 126. On the IA 126, only Iowa income is reported and a percentage of Iowa income to total income is determined. The taxpayer receives a credit against the initial tax liability based on the percentage of income from outside Iowa. Therefore, the result of this credit is that only Iowa-source income is taxed.

Although non-Iowa income is used to calculate the initial tax liability at the appropriate tax rate, the non-Iowa income itself is not subject to tax. By using this method, Iowa taxes nonresidents'/part-year residents' Iowa-source income at the same rate it taxes Iowa residents. Iowa, like most states and the federal government, uses a graduated tax rate system based on level of income.

So, a nonresident of Iowa with all-source income of \$250,000 and \$10,000 of Iowa income, will use the same tax rate as an Iowa resident with \$250,000 of income to calculate their initial tax liability, rather than using the same tax rate as an Iowa resident with \$10,000 of total income.

## INJURED SPOUSE

The “injured spouse” designation is not recognized by the State of Iowa when using “married filing a joint return,” filing status 2, or “married filing separately on a combined return,” filing status 3.

If your spouse’s refund will be used to pay a federal, state, county, or city debt, you must use the IA 1040 Long Form, filing status 4, “married filing separate returns” to prevent your refund from being applied to your spouse’s debt.

Examples of “debt” include unpaid child support, college loans, tax, court fees and fines, and overpayments of ADC/FIP, food stamps/SNAP, and unemployment.

## AMENDING TAX RETURNS

Paper filed amended returns may take a minimum of six months to process.

**To amend electronically:** Designate the return as “amended” and provide an explanation of the change(s).

Check with your software vendor regarding the ability to file prior year amended returns electronically.

**To amend on paper:** To amend a 2013 return or a return for a prior year, use an IA 1040X or the appropriate-year IA 1040 with the word “Amended” written at the top. Include an explanation of the change(s). Attach the federal 1040X and any amended supplementary federal or Iowa forms.

**If your original return requested a refund,** wait until you receive your refund before filing an amended return to make sure you made no errors on your original return.

**If you owe additional tax with the amended return,** calculate the tax, penalty and interest due and include both your check and the IA 1040V payment voucher with the amended return. You may make your tax payment online through ePay (free direct debit) on our Web site or with a credit / debit card.

**No penalty for additional tax is due if** you voluntarily file an amended return and pay all tax due prior to any contact by the Department. However, interest will be due.

**Do not send** amended returns with the current-year return.

### Top 10 Tips for Filing an Amended Iowa Return

1. Use form IA 1040X
2. Be sure to enter the year of the return you are amending at the top of Form IA1040X.
3. If you cannot access the IA1040X, you can send an IA1040 for the year you are amending with the corrections made. Write AMENDED clearly on the top of the IA1040.

4. An amended Iowa return can be filed electronically. Do not file the same day as the original return.

5. Always provide an explanation for filing the amended return. Include any schedules or forms that verify the reason for the changes.

6. If you are filing an amended tax return and it results in an additional or reduced credit carry forward, please include this in your explanation.

7. Do not file an amended return because you forgot to attach tax forms, such as W-2s or schedules. These forms will be requested if needed.

8. Generally, you must file an amended return within three years from the original due date of the tax return.

9. If you are amending more than one tax return, prepare an amended return for each year and mail them in separate envelopes.

10. Sign the amended return.

## TAX ADJUSTMENTS BY THE DEPARTMENT

If the Department of Revenue adjusts your return, we will use the tax rates provided by Iowa law. The calculation of your tax liability by the Department may vary by up to \$4 from the tax table.

## SUPPORTING DOCUMENTATION

Include all necessary supporting information and a copy of your federal return. Do not attach or staple supporting information to the IA 1040.

Place documents in the following order:

1. Check or Money Order
2. Payment Voucher (1040V)
3. W-2s / 1099s
4. IA 1040
5. Schedules / Copy of federal return

Do not attach or staple supporting information to the IA 1040.

If a schedule is required but results in zero, you must still include it.

## ESTIMATED PAYMENTS

Iowa residents who expect to owe tax of \$200 or more for 2013 from income not subject to withholding tax must make quarterly estimated tax payments to avoid a penalty for underpayment of estimated tax.

Nonresidents with nonwage income from Iowa, see IA 1040ES instructions.

You can set up your payments to be automatically deducted from your bank or credit union account by using ePay (free direct debit) on our Web site.

If you wish to make your payments with paper, you must use the IA 1040 ES form.

Estimated payments may also be made by credit or debit card.

## **FARMERS AND COMMERCIAL FISHERS**

If at least 2/3 of your income is from farming or commercial fishing, you may avoid penalty for underpayment of estimated tax in one of the following ways:

1. Pay the estimated tax in one payment on or before January 15, 2014, and file the Iowa income tax return by April 30, **or**
2. File the Iowa income tax return and pay the tax due in full on or before March 3, 2014.

## **EXTENSION REQUESTS**

**Our agency does not have an extension form to obtain additional time to file, nor do we honor a federal extension.**

If at least 90% of your total tax liability is paid by April 30, 2014, you will automatically have an additional six months to file your return. You have until October 31, 2014, to file your return timely. You will not be charged a late file penalty. However, you may owe a 2210 penalty for failure to make estimated payments. You will owe interest on any tax still due after April 30.

**How to determine if 90% of the tax you owe has already been paid:**

**Step 1:** From the IA 1040:

**A.** Add lines 46, 48, 50, 68, and 75 if payment was made by April 30.

**B.** Add lines 42, 52, and 73.

**Step 2:** Divide A by B. If the result is equal to at least 90%, an extension is automatic.

**Example:**

A equals \$4,434.

B equals \$5,017.

A divided by B is 88.4%.

This result is less than 90%. No extension is available to this taxpayer. This taxpayer will owe penalty and interest on the unpaid tax.

**Example:**

A equals \$4,834.

B equals \$5,017.

A divided by B is 96.4%.

This taxpayer receives an automatic extension until October 31 and will pay only interest on the unpaid tax.

**If you need to make a tax payment to meet the 90% requirement, you may:**

- arrange payment from your bank account through ePay (free direct debit) on our Web site.
- pay by credit/debit card online or by telephone
- use the IA 1040V payment voucher form

## **DECEASED TAXPAYER**

Write “deceased” on the top of the tax return, check the box on the signature line, and enter the date of death. If your spouse died and you are filing a joint or combined return, write on the deceased’s signature line “Filing as a surviving spouse”, check the box on the signature line, and enter the date of death. If you have the legal authorization to file for the decedent, sign the return with your legal title or authorization. Also, include any forms required to be filed with your federal return, such as federal form 1310 or a copy of the court certificate showing your appointment as a personal representative of the decedent.

## **IOWANS PAID IN FOREIGN CURRENCY**

Iowa residents who are paid in foreign currency must convert the currency to U.S. dollars as was done for federal tax purposes.

## **NET OPERATING LOSSES**

Iowa net operating losses will be carried back two years, except for losses incurred in Presidentially-declared disaster areas (3-year carryback) and losses incurred by farm corporations (5-year carryback). See IA 123 for the net operating loss worksheet.

## **FEDERAL BONUS DEPRECIATION / SECTION 179**

**Bonus Depreciation:** Iowa did not adopt the federal bonus depreciation provisions passed by Congress for assets acquired during 2013. The adjustment for depreciation should be made on form IA 4562A to account for the difference between federal and Iowa depreciation. Also complete form IA 4562B (Iowa Depreciation Accumulated Adjustment Schedule).

**Section 179:** Iowa has adopted the federal provisions relating to increasing the expensing amount under section 179 of the Internal Revenue Code. The section 179 limit for Iowa for 2013 is \$500,000. The phase-out threshold is \$2 million.

## **CERTIFIED TAX RETURNS FOR NONRESIDENTS**

Residents of other states who need a certified copy of the Iowa return for filing with their state of residence must include an extra copy of their Iowa return and a self-addressed stamped envelope when they file. A note stating



the purpose of the extra copy should be included. The Department will stamp the copy and return it to you.

## NONRESIDENTS WITH GAMBLING WINNINGS

Complete the IA 1040, showing income from all sources similar to your federal return. Show gambling winnings as Other Income on line 14. Take eligible gambling losses on IA Schedule A. Complete the return through line 47. Then use the IA 126 to determine your credit based upon the percentage of Iowa income to total income. This credit is taken on line 48. Include a copy of your federal return.

## REFUNDS MAY BE USED TO PAY DEBT

The State of Iowa may take refunds to pay certain debts. This process is called *offsetting refunds*.

Debts that may be offset include:

- taxes owed the State of Iowa
- taxes owed the Internal Revenue Service
- unpaid child support
- overpayment of unemployment
- fines owed to counties
- unpaid college aid loans
- food stamp/SNAP overpayment
- ADC/FIP overpayment
- any other debt owed to an Iowa state or municipal agency

When a refund is kept by the State to pay debt, a letter is sent to the taxpayer by the agency offsetting the money. For example, when a refund from an individual income tax return is used to pay back child support, the Department of Human Services will send a letter to the taxpayer.

A refund or payment may be taken to pay more than one debt; for instance, if a taxpayer owes College Aid money and also has an unpaid county fine. Each offsetting agency has up to 45 days to process their offset.

If an entire refund or payment is not needed to pay the debt, the remainder will be sent to the taxpayer. If direct deposit was requested, the remainder will be refunded by direct deposit.. It may take up to an additional 30 days to receive the refund after it is released by the offsetting agency.

## HOW TO PRORATE

Taxpayers using filing status 3 or 4 may be required to prorate (divide) certain entries on the IA 1040, such as taxable Social Security benefits, federal income tax refunds, estimated federal tax payments, itemized deductions, etc.

### Example 1: How spouses would prorate a federal refund:

2012 federal refund received in 2013 from a jointly-filed return: \$1,000

Spouse A has net income of \$15,000 on the 2012 IA 1040.

Spouse B has net income of \$30,000 on the 2012 IA 1040.

Total net income: \$45,000 on the 2012 IA 1040.

Divide Spouse B's net income by total income. The result is the percent of total income earned by Spouse B.

(Spouse B's net income) \$30,000 = 66.7%  
(Total of both spouse's net income) \$45,000

Then take \$1,000 X 66.7% = \$667. This is Spouse B's portion of the refund, reported on line 27 in column B.

Spouse A's portion is \$1,000 - \$667 = \$333, which is entered on line 27 in column A.

These two amounts are entered on line 27 of the 2013 IA 1040.

Note: Round to the nearest one-tenth of a percent. For example, 66.74% becomes 66.7% and 66.75% becomes 66.8%

### Example 2: How to prorate Social Security

Spouse A receives Social Security benefits of \$30,000

Spouse B receives Social Security benefits of \$20,000

Total benefits are \$50,000

Divide Spouse A's benefits - \$30,000 - by the total benefits - \$50,000. The result - 60% - is the percent of total benefits earned by Spouse A.

Complete the Iowa Social Security Worksheet to determine what amount is taxable to Iowa. In this example, the total taxable Social Security benefits are \$8,000. Now prorate the \$8,000 between spouses.

Multiply \$8,000 by 60%, which equals \$4,800. This is Spouse A's portion of taxable Social Security benefits to be entered on line 13 in column A.

Spouse B's portion is \$8,000 - \$4,800 = \$3,200 which is entered on line 13 in column B.

### Example 3. Federal estimated tax payment proration

Spouse A has income of \$75,000 that is not subject to federal withholding.

Spouse B has income of \$8,000 that is not subject to federal withholding.

Their total income not subject to federal withholding is \$83,000.

The estimated federal tax payments for this year totaled \$18,000.

Divide Spouse A's income by the total. The result is the percent of income earned by Spouse A.

Spouse A's income not subject to federal withholding = \$75,000 = 90.36% (90.4%)

[Total of both spouse's income *not* subject to federal withholding = \$83,000]

Multiply \$18,000 by 90.4% = \$16,272. This is Spouse A's portion to be entered on line 32 in column A.

Spouse B's portion is \$18,000 - \$16,272 = \$1,728, which is entered on line 32 in column B.

### RECORD KEEPING

Iowa income tax returns, federal returns, and all relevant schedules should be kept for at least three years after filing the return.

### CREDITS: REFUNDABLE OR NONREFUNDABLE

#### Nonrefundable Tax Credit

A nonrefundable tax credit will reduce your tax liability. This credit may reduce your tax liability down to zero, but it will never generate a refund.

#### Refundable Tax Credit

A refundable tax credit will also reduce your tax liability. However, if this tax credit exceeds your tax liability it will generate an Iowa refund. An example of this type of credit is the Iowa Child and Dependent Care Credit or any other credit taken in Step 9 of the IA 1040 individual income tax form.

### ROUNDING TO WHOLE DOLLARS

Use whole dollars to complete your return instead of dollars and cents. To round, drop amounts under 50 cents and increase amounts from 50 to 99 cents to the next dollar.

For example, \$129.49 becomes \$129 and \$235.50 becomes \$236.

If you need to add two or more amounts to enter on a line, add them together first, then round.

For example, if you received two W-2 forms, one showing wages of \$5,000.55 and the other for \$18,500.73, add them for a total of \$23,501.28. The amount you enter on line 1 of the IA 1040 would be \$23,501.

### WHAT TO DO IF YOU DON'T RECEIVE YOUR W-2

Each year many Iowans do not get W-2s from their employers by the January 31 date required by the IRS.

1. If you have moved, call your employer with your new address.
2. If you still have a problem, first go back to your employer and try to find out why you have not received the W-2.
3. You may also call the IRS at 1-800-829-1040. They will work with you and explain the steps needed to receive a substitute W-2.
4. If you need a W-2 from a previous year, here are some other possible options:

- Social Security Administration (SSA) - will provide copies of Forms W-2 for retirement purposes at no charge and for other than retirement purposes for a fee. Call 1-800-772-1213, or visit the SSA web site at [www.ssa.gov](http://www.ssa.gov) for instructions on how to obtain wage information from the SSA.
- Internal Revenue Service (IRS) - will provide an exact copy of a previously filed and processed tax return with attachments (including the W-2). You should complete Form 4506, Request for Copy of Tax Return, and mail it to the address listed in the instructions. A fee will be charged for each tax year requested.

### CONFIDENTIALITY AND FAIR INFORMATION PRACTICES NOTICE

Information from your return may be made available to the Internal Revenue Service or to tax officials of another state under a tax information exchange program. Except as allowed by law, information on your return cannot be released to anyone who is not an Iowa Department of Revenue employee. Any Department of Revenue employee who discloses tax return information without legal authority is subject to a fine of \$1,000. If you do not provide necessary information or if you provide fraudulent information, you may be charged penalties and interest and may be subject to criminal prosecution.

## DO YOU OWE TAX? HERE ARE YOUR PAYMENT OPTIONS:

### Direct Debit payment with the income tax return

Your tax payment is made from your savings or checking account without having to write a check.

You may be able to make a direct debit payment through your software when you file electronically.

You may be able to schedule the payment for a future date.

### Free Online Direct Debit

ePay through eFile & Pay from our website

### Credit/Debit Card

#### Online

Enter your credit / debit card information and the type of payment. A service fee is charged by Official Payments Corp., our credit / debit card vendor. Cards accepted: Visa, Master Card, American Express, Discover.

#### By Phone

Call 1-800-2PAY-TAX (800-272-9829)

Call the toll-free number and give your credit / debit card information and the type of payment. A service fee is charged by Official Payments Corp. Cards accepted: Visa, Master Card, American Express, Discover.

### MoneyGram

Pay with cash at MoneyGram locations.

### Mail a Check or Money Order

Include an IA 1040V Payment Voucher payable to: Treasurer, State of Iowa. Payments must be at least \$1. Write the type of tax being paid and the tax year being paid on the check or money order. The address for mailing is on the IA 1040V Payment Voucher.

## CONSUMER'S USE TAX

### Information for businesses and individuals

Do you purchase items from out of state or from catalogs, magazines, vendors who advertise on television or radio, or through the Internet? Will those items be used in Iowa? Would they be subject to Iowa sales tax if purchased in Iowa?

Are you paying tax on those purchases? If not, you owe Iowa use tax on the purchase price.

If you purchase tangible property for use in Iowa and the seller does not charge you Iowa tax on the purchase, you owe a 6% tax known as the consumer's use tax on the price of the purchase.

This tax was established in 1937, three years after the sales tax was enacted, to create a fair playing field for Iowa

businesses. The rate of the consumer's use tax is always equal to the state sales tax rate.

**Individuals:** Individuals without a permit who rarely make purchases subject to consumer's use tax should pay their tax in one of the following ways:

Electronically through the eFile & Pay system on the Department's Web site.

Complete the worksheet available on the Department's website and send to:

Iowa Department of Revenue

PO Box 10412

Des Moines, IA 50306-0412

Make check payable to: "Treasurer State of Iowa"

Anyone who regularly purchases merchandise from out of state for his or her own use in Iowa should register for a consumer's use tax permit and pay the tax on a quarterly basis.

**Businesses:** Businesses making taxable purchases on a regular basis should register with our Department to file consumer's use tax returns. However, some businesses may only occasionally make purchases for their own use and owe Iowa consumer's use tax. If this type of purchase is not typical for your business, instead of separately registering for consumer's use tax, you can report the purchase on Line 2 "goods consumed" of your quarterly sales tax return or file and pay the tax as outlined for individuals above.

For more information, see our Consumer's Use Tax publication.

## IOWA TAX RESPONSIBILITIES OF MILITARY PERSONNEL

**BEGINNING WITH TAX YEAR 2011:** Members of the armed forces, armed forces military reserve, and the national guard in an active duty status (as defined in Title 10 of the U.S. Code) can exclude pay received from the federal government for military service performed.

Active-duty military service pay is taxable only by the state in which the armed forces service member is a legal resident, which is usually the state of residence at the time he/she enters the service. In general, income other than active-duty military service pay of an Iowa resident in military service is taxable to the same extent as it is taxable for federal purposes, even if the Iowa resident is stationed outside of Iowa or outside of the United States.

Iowa residents who are members of the military should include the active duty pay received from the federal government for military service performed as income on line 1 of the IA 1040 and deduct the same active duty pay on line 24. Military members claiming this exclusion should

## IOWA TAX RESPONSIBILITIES OF MILITARY PERSONNEL *continued*

be prepared to send a copy of their active duty military orders if requested by the Department.

### **When must a military person file an Iowa income tax return?**

If a military person is an Iowa resident, he or she must file an Iowa individual income tax return if:

- married and their combined income\* totals more than \$13,500 (\$32,000 if your or your spouse is 65 or older on 12/31/13)
- single and total income\* is more than \$9,000 (\$24,000 if 65 or older on 12/31/13)
- has income\* of \$5,000 or more and is claimed as a dependent on another person's Iowa return
- filing as head of household or qualifying widow(er) and total income\* is more than \$13,500 (\$32,000 if your or your spouse is 65 or older on 12/31/13)

\* Does not include pay received from the federal government for military service performed by members of the armed forces, armed forces military reserve, and the national guard in an active duty status.

**School District Surtax:** The school district surtax is applicable for resident members of the armed forces of the United States living in an Iowa school district, even if the member is not physically present in Iowa on the last day of the tax year. (IAC 42.1)

### **Residency: (IAC 38.17)**

Each person has one and only one state of residence. A person may be a resident of a state even though he or she does not actually live in the state.

A military person does not lose "home state" residency simply by being absent from the state while in the military. (Servicemembers Civil Relief Act)

### **When is a military person an Iowa resident?**

A military person is an Iowa resident if:

- he or she was a resident of Iowa at the time of enlistment and/or
- Iowa is declared as his or her Military Home of Record

A person remains an Iowa resident until positive action is taken to establish residency in another state.

### **Establishing residency in another state**

To establish residency in another state, a military person should first complete form DD2058, State of Legal Residence Certificate, which is available from the payroll officer of the Military Office of Personnel. This alone does not establish residency. A combination of the actions that follow is required to establish legal residence in another state.

- physical presence in the other state
- registering to vote in the other state
- changing driver's license
- registering vehicles in the other state
- applying for other privileges offered by the other state
- payment of real estate tax and/or income tax in the new state

If steps are not taken to change residency, a military person remains a resident of Iowa and is subject to Iowa income tax laws.

The Director of the Iowa Department of Revenue may require an individual to provide proof that residency has been established in another state.

### **Residency of spouses of military personnel**

A spouse of an Iowa-resident military person is not considered a resident of Iowa simply by marriage. If, however, the spouse was an Iowa resident when they married, the spouse is an Iowa resident until other action is taken to establish residency in another state.

If the spouse is an Iowa resident and has Iowa-source income, it may be beneficial to use filing status 3 (married filing separately on the combined return form).

Filing status 3 or 4 (married filing separately on the combined return or married filing separate returns) may be used by nonresident spouses with no Iowa-source income.

### **Military Spouses Residency Relief Act**

The federal Military Spouses Residency Relief Act allows a military servicemember's spouse to keep a tax domicile throughout the marriage, even if the spouse moves into another state, so long as the spouse moves into the state to be with a servicemember who is in the state because of military orders.

### **The effective date is taxable years that begin on and after January 1, 2009.**

If you are a servicemember's spouse you may be exempt from Iowa income tax on your wages if:

- your spouse is a member of the armed forces present in a state other than your home state in compliance with military orders;
- you are present in a state other than your home state solely to be with your spouse;
- you maintain your domicile in your home state; and military orders must station the member of the armed forces in the state of Iowa.

This law effectively allows wages (but not other income, such as interest) to be sourced to a state other than the state in which the wages are earned.



## IOWA TAX RESPONSIBILITIES OF MILITARY PERSONNEL **continued**

This exemption from state income tax is broader than the exemption for service members themselves. Military servicemembers are also entitled to keep their residence under the Servicemembers Civil Relief Act for purposes of determining which state may tax their military pay; however, servicemembers may owe tax in the state where they are stationed if they have non-military compensation or other income from sources within that state.

So while a state where a military servicemember is stationed may still continue to tax non-military compensation earned by a servicemember in the state, it will not be able to tax the compensation earned by the nonmilitary spouse if that spouse claims another state as their tax residence.

### **Iowa W-4**

The IA W-4 includes information related to this federal law. If you claim this exemption, check the appropriate box on the IA W-4, enter the state other than Iowa you are claiming as your state of domicile, and attach a copy of your spousal military identification card to the IA W-4 provided to your employer.

### **Filing Iowa Income Tax Returns**

Spouses who qualify to claim this exemption on their Iowa Income Tax Return should report all-source income on the IA 1040, but show no Iowa wages on line 1 of the IA 126. Enter the amount of credit from line 33, IA 126 on line 48, IA 1040.

Iowa income tax withheld should be entered on line 65 of the IA 1040; then complete the remainder of the IA 1040 to determine the amount of any refund that may be due.

### **Nonresidents/part-year residents stationed in Iowa**

Military persons who are not residents of Iowa are required to file Iowa income tax returns if their all-source income meets the above requirements and their Iowa-source income is \$1,000 or more.

Nonresidents and part-year residents must file both the IA 1040 and the IA 126 with a complete copy of the federal return.

### **Nonresident Military Income**

Beginning with tax year 2003, the following apply for Iowa as a result of federal legislation.

The nonresident military taxpayer does not include military pay on line 1 of the IA 1040 and also does not report it as Iowa income on the IA 126. The net result is a reduction of the tax rate on any other Iowa-source income.

In general, this applies only to active duty military and does not include the National Guard or reserve personnel.

Exceptions may exist if nonresident military are under active duty orders under a specific federal section — 502(f) of Title 32 of the United States Code.

All income, excluding military pay, is included on the Iowa income tax return (IA 1040) and tax is initially calculated on all-source income. Once this is done, the nonresident or part-year resident turns to another Iowa form, the IA 126 Nonresident and Part-Year Resident Schedule. Only Iowa-source income is included on this form and will not include military pay when calculating the credit. That credit is entered on the IA 1040 and is designed to minimize the taxation of income by Iowa and the other state.

### **WHAT INCOME IS SUBJECT TO IOWA TAX? (IAC 40.5)**

Military pay to Iowa residents must be included on line 1 of the IA 1040 to the same extent it is included on the federal return regardless of where the person is stationed when it is received.

Other income earned by an Iowa resident stationed in or out of Iowa is also taxable to Iowa to the same extent it is taxable on the federal level. If any of that income is correctly taxed by another state, then Iowa allows an out-of-state tax credit on the IA 1040. This credit is calculated on the IA 130 form, which must be included with the IA 1040 with a copy of the other state's return.

### **WHAT INCOME IS NOT SUBJECT TO IOWA TAX?**

#### **Active duty pay**

Members of the armed forces, armed forces military reserve, and the national guard in an active duty status (as defined in Title 10 of the U.S. Code) can exclude pay received from the federal government for military service performed.

**NOTE:** Members who are employed full-time in the national guard (as defined in Title 32 of the U.S. Code) are not considered in an active duty status, so their pay is not excluded from Iowa tax.

Include all income on line 1 with other W-2, 1099, or W-2G income. Qualifying military income is then deducted on line 24.

#### **Combat zone pay**

Income excluded by the federal government is also excluded for Iowa income tax purposes. For example, combat zone pay is excluded on the Iowa return because it is excluded for federal income tax purposes.

The federal Military Family Tax Relief Act of 2003 provides for a number of tax breaks related to military personnel. Iowa follows the federal treatment of the military adjustments to gross income.

## IOWA TAX RESPONSIBILITIES OF MILITARY PERSONNEL *continued*

The Internal Revenue Service Web site is your best source of qualifying combat zones and tax breaks related to military personnel.

### **Operation Iraqi Freedom, Operation New Dawn, Operation Noble Eagle, or Operation Enduring Freedom (IAC 40.61)**

There is an income tax exemption for active duty pay received from a source other than the federal government by a person in the National Guard or armed forces military reserve for service performed on or after January 1, 2003, pursuant to military orders for Operation Iraqi Freedom, Operation New Dawn, Operation Noble Eagle, or Operation Enduring Freedom. The individual needs only to be called to active duty under the appropriate orders to qualify for the exemption of active duty pay. The individual does not have to be serving overseas to be eligible for the exemption, but can be serving in Iowa or elsewhere in the United States under the appropriate military orders and qualify for the exemption for active duty pay.

Note that prior to tax year 2011, if a person in the National Guard or military reserve was called to active duty pursuant to military orders for an operation or purpose other than the operations specified above, the active duty pay is not exempt from Iowa income tax. (IAC 40.61)

Include all income on line 1 with other W-2, 1099, or W-2G income. Qualifying military income is then deducted on line 24. If you file a paper return, include a copy of your orders. If you file electronically, keep a copy of your orders with your tax records in case the Department requests them at a later date.

### **Persian Gulf Conflict and/or Bosnia-Herzegovina Peacekeeping (IAC 40.40, IAC 40.51)**

There is an income tax exemption for active-duty pay received from a source other than the federal government by a person in the National Guard or armed forces military reserve for services performed on or after August 2, 1990, pursuant to military orders related to the Persian Gulf Conflict and/or for services performed on or after November 21, 1995, pursuant to military orders related to peacekeeping in Bosnia-Herzegovina.

### **Military Student Loan Exemption (IAC 40.63)**

Military student loan repayments included in federal adjusted gross income are exempt from Iowa income tax if the following criteria are met.

This exemption may be taken by persons in the:

- armed forces
- armed forces military reserve
- National Guard

The individual must be on active duty at the time of the loan repayment.

Include the loan repayment amount in line 1 and deduct it in line 24. (IAC 40.63)

### **Exclusion of Distributions from Retirement Plans by National Guard members and members of military reserve forces of the United States (IAC 40.58)**

If a National Guard member or member of the military reserve is called to active state or federal duty and makes a withdrawal from a qualified retirement account of the member, the amount of the withdrawal is not subject to Iowa income tax or state tax penalty. If this income is reported as taxable pension income on line 9 of the Iowa return, enter that amount on line 24 of the Iowa 1040.

### **Deferral of Collection of State Income Tax**

**The Servicemember Civil Relief Act (SCRA)** is a federal law that, among other things, requires the Iowa Department of Revenue (Department) to allow a deferral of *collection* of state income tax if a servicemember's ability to pay is materially affected by their military service. The deferral last for only a period of up to 180 days after termination or release from military service. The SCRA only defers *collection* of income tax that has fallen due before or during military service. A servicemember must still file their income tax returns, unless their duty to file is suspended by another authority.

### **Do You Qualify?**

1.) You must be a "servicemember".

Members of the Army, Navy, Air Force, Marine Corps, Coast Guard, and commissioned corps of the National Oceanic and Atmospheric Administration and of the Public Health Service are servicemembers.

Members of the National Guard and reserves are servicemembers *only if* those members are serving a call to active service authorized by the President or the Secretary of Defense for a period of more than 30 consecutive days.

2.) You must serve during a period of "military service".

In the case of Army, Navy, Air Force, Marine Corps, or Coast Guard, a servicemember is serving in a period of military service if they are on "active duty".

In the case of commissioned officers of the National Oceanic and Atmospheric Administration or Public Health Service, military service requires "active service".

In the case of members of the National Guard, military service includes service under a call to active service authorized by the President or the Secretary of Defense for a period of more than 30 consecutive days.

## **FORGIVENESS OF TAX: (IAC 39.11)**

### **Iowa income tax is forgiven if:**

- the deceased was killed in a combat zone, or
- the taxpayer is missing in action and presumed dead, or
- the deceased was killed outside the United States due to terrorist or military action while he/she was a military or civilian employee of the United States and
- the person's federal income tax was forgiven

**Single status:** Iowa income tax is forgiven for the tax year in which the individual was killed or was missing and presumed dead and for the tax year prior to the year of death.

**Married / year of death:** If the deceased was married at the time of death, all tax is forgiven for the year of death if the filing status is joint or married filing separately on the combined return for that tax year.

**Married / prior year:** All tax is forgiven if the deceased was married at the time of death and a joint return or a married filing separate return was filed for the year prior to death. Please note that if the deceased had filed using the married filing separately on the combined return status, only the state income tax attributable to the deceased will be forgiven. Prior-year returns cannot be amended to change the filing status. (IAC 39.11)

### **RETURN DUE DATE AND EXTENSIONS (IAC 39.12, IAC 39.14)**

The usual filing deadline for Iowa income tax returns is April 30. If 90 percent of the tax due is paid by that time, the deadline is extended to October 31. No extension form is available or required.

Qualifying individuals are granted extensions under certain circumstances for filing returns and for other acts related to the Department. These are listed as follows:

#### **Who qualifies for an extension?**

- Individuals on active duty federal military service in the armed forces, armed forces military reserve, or National Guard who are deployed outside the United States
- A person in the military serving in support of those forces
- A spouse of a person listed above if they file jointly or separately on a combined return
- An eligible individual who was continuously hospitalized because of illness or injury in the combat zone

#### **“Other acts related to the Department” includes:**

- Filing claims for refund for any tax administered by the Department

- Making tax payments other than withholding payments
- Filing appeals on the tax matters
- Filing other tax returns
- Performing other acts described in the Department's rules

### **Extension periods**

In general, the additional time period for filing state returns and performing other acts is 180 days.

## **IOWA INCOME TAX RESPONSIBILITIES OF NATIVE AMERICANS**

### **Definitions**

- “Native American” means all persons of American Indian descent who are members of any recognized tribe.
- “Settlement” means all land within the boundaries of any recognized American Indian settlement or reservation within the State of Iowa.

### **BUjj Y Americans living on the settlement of their own Tribe**

#### **Taxable Income:**

- Wages for working off the settlement.
- Income from business or real estate located off the settlement.

#### **Exempt Income:**

- Wages from working on the settlement.
- Income from business or property located on the settlement.
- Interest, dividends, and other income from intangibles, regardless of where the bank accounts, etc., are located.

**NOTE:** Individuals must be members of the Native American Tribe living on their Sovereign Settlement within the State of Iowa to be exempt from income earned from that same settlement within Iowa. If the individual is not a member of that recognized Native American settlement in Iowa, then income from that settlement in Iowa is Iowa-source income to Iowa residents and nonresidents.

### **Native Americans living off the settlement of their own Tribe**

- If residents of Iowa: Taxed in the same manner as other residents. (Income from working on the settlement is taxable.)
- If nonresidents of Iowa: Taxed in the same manner as other nonresidents. (Income from working on the settlement is taxable.)

**Persons who are not Tribal Member Native Americans,  
regardless of whether they live on or off the settlement**

- If residents of Iowa: Taxed in the same manner as other residents. (Income from working on the settlement is taxable.)
- If nonresidents of Iowa: Taxed in the same manner as other nonresidents. (Income from working on the settlement is taxable.)