

of the total, which shall be computed as a sum certain if paid on or before the last day of the month in which the notice is postmarked, or on or before the last day of the following month if the notice is postmarked after the twentieth day of any month. The notice shall also inform the taxpayer of the additional interest and penalty which will be added to the total due if not paid on or before the last day of the applicable month.

Sec. 2. This Act is applicable for all tax years for which a final disposition of a taxpayer's federal income tax liability has not been resolved prior to the effective date of this Act.

Approved May 11, 1981

CHAPTER 135
TAXATION OF CAPITAL GAINS
S. F. 237

AN ACT providing for the allocation and apportionment of capital gains and losses for purposes of computing the state corporate income and franchise taxes and making the provisions retroactive.

Be It Enacted by the General Assembly of the State of Iowa:

Section 1. Section 422.33, subsection 1, paragraph a, Code 1981, is amended by adding the following new subparagraph:

NEW SUBPARAGRAPH. Nonbusiness capital gains and losses from the sale or other disposition of assets shall be allocated as follows:

Gains and losses from the sale or other disposition of real property located in this state are allocable to this state.

Gains and losses from the sale or other disposition of tangible personal property are allocable to this state if the property had a situs in this state at the time of the sale or disposition or if the taxpayer's commercial domicile is in this state and the taxpayer is not taxable in the state in which the property had a situs.

Gains and losses from the sale or disposition of intangible personal property are allocable to this state if the taxpayer's commercial domicile is in this state.

Sec. 2. Section 422.33, subsection 1, paragraph b, unnumbered paragraphs 2 through 5, Code 1981, are amended to read as follows:

(1) Business interest, dividends, rents, and royalties shall be reasonably apportioned within and without the state under rules adopted by the director ~~pursuant-to-chapter-17A.~~

(2) Capital gains and losses from the sale or other disposition of assets shall be apportioned to the state based upon the business activity ratio applicable to the year the gain or loss is determined if the corporation determines Iowa taxable income by a sales, gross receipts or other business

activity ratio. If the corporation has only allocable income, capital gains and losses from the sale or other disposition of assets shall be allocated in accordance with section 1 of this Act.

(3) Where income is derived from business other than the manufacture or sale of tangible personal property, ~~such~~ the income shall be specifically allocated or equitably apportioned within and without the state under rules of the director.

(4) Where income is derived from the manufacture or sale of tangible personal property, the part ~~thereof~~ attributable to business within the state shall be in that proportion which the gross sales made within the state bear to the total gross sales.

(5) The gross sales of the corporation within the state shall be taken to be the gross sales from goods delivered or shipped to a purchaser within the state regardless of the f.o.b. point or other conditions of the sale, excluding deliveries for transportation out of the state.

Sec. 3. This Act is retroactive to January 1, 1981 for tax years beginning on or after January 1, 1981 and to this extent the provisions of this Act are retroactive.

Approved June 13, 1981

CHAPTER 136

SALES AND USE TAX PROCESSING EXEMPTION

S. F. 466

AN ACT relating to the processing exemption in the state sales, services, and use tax by including in the definition of services used in processing of tangible personal property, the reconditioning or repairing of tangible property of the type normally sold in the regular course of the retailer's business and which is held for sale upon which the sales, services, or use tax will be paid when the property is sold.

Be It Enacted by the General Assembly of the State of Iowa:

Section 1. Section 422.42, subsection 13, Code 1981, is amended by adding the following new unnumbered paragraph:

NEW UNNUMBERED PARAGRAPH. "Services used in the processing of tangible personal property" includes the reconditioning or repairing of tangible personal property of the type normally sold in the regular course of the retailer's business and which is held for sale upon which the gross receipts tax under this division or the use tax under chapter 423 will be paid when the tangible personal property is sold.

Approved June 19, 1981