

## CHAPTER 1

### INTERNAL REVENUE CODE REFERENCES UPDATE — FEDERAL BONUS DEPRECIATION CHANGES — CLAIMS FOR REFUND OR CREDIT

S.F. 106

**AN ACT** updating the Code references to the Internal Revenue Code and decoupling from certain federal bonus depreciation provisions, providing certain taxpayers additional time to file a claim for refund or credit of individual income tax, and including effective date and retroactive applicability provisions.

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

#### DIVISION I INTERNAL REVENUE CODE REFERENCES

Section 1. Section 15.335, subsection 7, paragraph b, Code 2013, is amended to read as follows:

b. For purposes of this section, “*Internal Revenue Code*” means the Internal Revenue Code in effect on January 1, ~~2012~~ 2013, and as amended by the American Taxpayer Relief Act of 2012, Pub. L. No. 112-240.

Sec. 2. Section 422.3, subsection 5, Code 2013, is amended to read as follows:

5. “*Internal Revenue Code*” means the Internal Revenue Code of 1954, prior to the date of its redesignation as the Internal Revenue Code of 1986 by the Tax Reform Act of 1986, or means the Internal Revenue Code of 1986 as amended to and including January 1, ~~2012~~ 2013, and as amended by the American Taxpayer Relief Act of 2012, Pub. L. No. 112-240.

Sec. 3. Section 422.9, subsection 2, paragraph i, Code 2013, is amended to read as follows:

i. The deduction for state sales and use taxes is allowable only if the taxpayer elected to deduct the state sales and use taxes in lieu of state income taxes under section 164 of the Internal Revenue Code. A deduction for state sales and use taxes is not allowed if the taxpayer has taken the deduction for state income taxes or claimed the standard deduction under section 63 of the Internal Revenue Code. This paragraph applies to taxable years beginning after December 31, 2003, and before January 1, 2008, and to taxable years beginning after December 31, 2009, and before January 1, ~~2012~~ 2014.

Sec. 4. Section 422.10, subsection 3, paragraph b, Code 2013, is amended to read as follows:

b. For purposes of this section, “*Internal Revenue Code*” means the Internal Revenue Code in effect on January 1, ~~2012~~ 2013, and as amended by the American Taxpayer Relief Act of 2012, Pub. L. No. 112-240.

Sec. 5. Section 422.32, subsection 1, paragraph g, Code 2013, is amended to read as follows:

g. “*Internal Revenue Code*” means the Internal Revenue Code of 1954, prior to the date of its redesignation as the Internal Revenue Code of 1986 by the Tax Reform Act of 1986, or means the Internal Revenue Code of 1986 as amended to and including January 1, ~~2012~~ 2013, and as amended by the American Taxpayer Relief Act of 2012, Pub. L. No. 112-240.

Sec. 6. Section 422.33, subsection 5, paragraph d, subparagraph (2), Code 2013, is amended to read as follows:

(2) For purposes of this subsection, “*Internal Revenue Code*” means the Internal Revenue Code in effect on January 1, ~~2012~~ 2013, and as amended by the American Taxpayer Relief Act of 2012, Pub. L. No. 112-240.

Sec. 7. EFFECTIVE UPON ENACTMENT. This division of this Act, being deemed of immediate importance, takes effect upon enactment.

Sec. 8. RETROACTIVE APPLICABILITY. This division of this Act applies retroactively to January 1, 2012, for tax years beginning on or after that date.

#### DIVISION II BONUS DEPRECIATION

Sec. 9. Section 422.7, subsection 39A, unnumbered paragraph 1, Code 2013, is amended to read as follows:

The additional first-year depreciation allowance authorized in section 168(k) of the Internal Revenue Code, as enacted by Pub. L. No. 110-185, § 103, Pub. L. No. 111-5, § 1201, Pub. L. No. 111-240, § 2022, and Pub. L. No. 111-312, § 401, and Pub. L. No. 112-240, § 331, does not apply in computing net income for state tax purposes. If the taxpayer has taken the additional first-year depreciation allowance for purposes of computing federal adjusted gross income, then the taxpayer shall make the following adjustments to federal adjusted gross income when computing net income for state tax purposes:

Sec. 10. Section 422.35, subsection 19A, unnumbered paragraph 1, Code 2013, is amended to read as follows:

The additional first-year depreciation allowance authorized in section 168(k) of the Internal Revenue Code, as enacted by Pub. L. No. 110-185, § 103, Pub. L. No. 111-5, § 1201, Pub. L. No. 111-240, § 2022, and Pub. L. No. 111-312, § 401, and Pub. L. No. 112-240, § 331, does not apply in computing net income for state tax purposes. If the taxpayer has taken the additional first-year depreciation allowance for purposes of computing federal taxable income, then the taxpayer shall make the following adjustments to federal taxable income when computing net income for state tax purposes:

Sec. 11. EFFECTIVE UPON ENACTMENT. This division of this Act, being deemed of immediate importance, takes effect upon enactment.

Sec. 12. RETROACTIVE APPLICABILITY. This division of this Act applies retroactively to January 1, 2013, for tax years ending on or after that date.

#### DIVISION III FILING OF CLAIMS

Sec. 13. Section 422.73, Code 2013, is amended by adding the following new subsection:

**NEW SUBSECTION.** 1A. Notwithstanding subsection 1, a claim for refund or credit of the individual income tax paid which resulted from a reduction in a person's federal adjusted gross income due to section 1106 of the FAA Modernization and Reform Act of 2012, Pub. L. No. 112-95, shall be considered timely if the claim is filed with the department on or before June 30, 2013.

Sec. 14. EFFECTIVE UPON ENACTMENT. This division of this Act, being deemed of immediate importance, takes effect upon enactment.

Sec. 15. RETROACTIVE APPLICABILITY. This division of this Act applies retroactively to January 1, 2012, for refund or credit claims filed on or after that date.

Approved February 14, 2013