

CHAPTER 1

INTERNAL REVENUE CODE REFERENCES UPDATE — BONUS DEPRECIATION

S.F. 126

AN ACT updating the Code references to the Internal Revenue Code and decoupling from certain federal bonus depreciation provisions, 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 2015, 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, 2014 2015.

Sec. 2. Section 422.3, subsection 5, Code 2015, 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, 2014 2015.

Sec. 3. Section 422.9, subsection 2, paragraph i, Code 2015, 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, 2014 2015.

Sec. 4. Section 422.10, subsection 3, paragraph b, Code 2015, 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, 2014 2015.

Sec. 5. Section 422.32, subsection 1, paragraph h, Code 2015, is amended to read as follows:

h. “*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, 2014 2015.

Sec. 6. Section 422.33, subsection 5, paragraph e, subparagraph (2), Code 2015, 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, 2014 2015.

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, 2014, for tax years beginning on or after that date.

DIVISION II
BONUS DEPRECIATION

Sec. 9. Section 422.7, subsection 39A, unnumbered paragraph 1, Code 2015, 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, Pub. L. No. 111-312, §401, ~~and~~ Pub. L. No. 112-240, §331, ~~and~~ Pub. L. No. 113-295, §125, 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 2015, 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, Pub. L. No. 111-312, §401, ~~and~~ Pub. L. No. 112-240, §331, ~~and~~ Pub. L. No. 113-295, §125, 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, 2014, for tax years ending on or after that date.

Approved February 17, 2015