

February 18, 1949.
Tax Revision.

House File 425
By KOSEK.

Passed House, Date
Vote: Ayes..... Nays.....
Passed Senate, Date.....
Vote: Ayes..... Nays.....
Approved

A BILL FOR

An Act to amend chapter four hundred twenty-two (422), Code 1946, relating to income taxes and to provide for a joint return by husand and wife, and for the splitting of income by a husband and wife equally for income tax purposes, and to further provide for a reduction of the present income tax rate.

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

1 Section 1. Section four hundred twenty-two point thirteen
2 (422.13), Code 1946, is hereby amended by adding the following:
3 "A husband and wife may make a single return jointly.
4 Such a return may be made even though one of the spouses
5 has neither gross income or deductions. If a joint re-
6 turn is made the tax shall be computed on the aggregate
7 income, and the liability with respect to the tax shall
8 be joint and several."

1 Sec. 2. Section four hundred twenty-two point five (422.5),
2 Code 1946, is hereby amended by adding the following:
3 "In the case of a joint return of husband and wife
4 under the provisions of section 422.13, Code 1946,
5 the combined tax under section 422.5, Code 1946, shall

6 be twice the tax that would be determined if the taxable
7 income was reduced by one-half.”

1 Sec. 3. Section four hundred twenty-two point five (422.5),
2 Code 1946, is hereby further amended by striking all of lines
3 thirteen (13) to twenty-four (24) inclusive, and inserting in
4 lieu thereof the following:

5 “On the first thousand dollars of taxable income or
6 any part thereof, three-fourths per cent ($\frac{3}{4}\%$) of
7 one per cent (1%).

8 “On the second thousand dollars of taxable income or
9 any part thereof, one and one-half per cent ($1\frac{1}{2}\%$).

10 “On the third thousand dollars of taxable income or
11 any part thereof, two and one-fourth per cent ($2\frac{1}{4}\%$).

12 “On the fourth thousand dollars of taxable income or
13 any part thereof, three per cent (3%).

14 “On the fifth thousand dollars of taxable income or
15 any part thereof, three and three-fourths per cent ($3\frac{3}{4}\%$),
16 and on all taxable income in excess of five thousand
17 dollars, three and three-fourths per cent ($3\frac{3}{4}\%$).”

1 Sec. 4. Section four hundred twenty-two point twelve
2 (422.12), Code 1946, is hereby amended by striking the word
3 “ten” in subsection one (1), and inserting in lieu thereof the
4 word “fifteen”.

5 Further amend said section by striking the word “twenty”
6 from line two (2) of subsection two (2), and inserting in lieu
7 thereof the word “thirty”.

8 Further amend said section by striking the words "five
9 dollars" from line four (4) of subsection three (3), and in-
10 serting in lieu thereof the words "seven dollars and fifty
11 cents".

12 Further amend said section by striking all of subsection
13 four (4), and inserting in lieu thereof the following:

14 "For each actual dependent other than as specified
15 in subsection three of this section, the taxpayer may
16 deduct the sum of seven dollars and fifty cents; or in
17 lieu thereof, in the case of a father, mother or grand-
18 parent dependent upon the taxpayer, the taxpayer in
19 computing the net income may make deduction therefrom
20 of four hundred and fifty dollars for such dependent."

1 Sec. 5. Section four hundred twenty-two point thirteen
2 (422.13), Code 1946, is hereby amended by striking all of
3 subsections one (1) and two (2), and inserting in lieu
4 thereof the following:

5 "1. Every individual having a net income for the tax
6 year from sources taxable under this section, of twelve
7 hundred and fifty dollars or over, if single, or if
8 married and not living with husband or wife; or having
9 a net income for the year of two thousand dollars
10 or over, if married and living with husband and wife,
11 shall make and sign a return stating specifically the
12 items of gross income and the deductions and exemptions
13 allowed by this division.

14 "2. If husband and wife living together have an aggre-
15 gate net income of two thousand dollars or over, each
16 shall make such return unless the income of each is
17 included in a single joint return."

EXPLANATION OF H. F. 425

This bill is a combination of the community property law as recently passed by the Federal Government, providing for the splitting of income of husband and wife, with the further addition of the present status of the Iowa income tax rates leveled at seventy-five per cent of the full return as set out in our present Code. Both of these features have a good deal of merit and it is the purpose and intention of this bill to embody the good features and merits of each of these provisions into a single piece of legislation.