

Wap & Brown 5/15

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SENATE FILE 408

By HUTCHINS, RODGERS, MILLER
of Cerro Gordo, PRIEBE,
COMITO and SCOTT

Passed Senate, Date _____ Passed House, Date _____

Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____

Approved _____

A BILL FOR

1 An Act providing for the deduction of the federal income tax
2 liability for the tax year in computing the state individual
3 income tax for that tax year.

4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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1 Section 1. Section four hundred twenty-two point nine
2 (422.9), subsection one (1) and subsection two (2), paragraph
3 b, Code 1979, are amended to read as follows:

4 1. An optional standard deduction of ten percent of the
5 net income after deduction of federal income tax liability
6 for the tax year, not to exceed five hundred dollars for a
7 married person who files separately, or one thousand dollars
8 for a single person or a husband and wife who file a joint
9 return.

10 b. Add the amount of federal income ~~taxes-paid-or-accrued~~
11 ~~as-the-case-may-be,-during~~ tax liability for the tax year,
12 ~~adjusted-by-any-federal-income-tax-refunds~~. Provided, however,
13 that where married persons, who have filed a joint federal
14 income tax return, file separately, such total shall be divided
15 between them according to the ~~portion-thereof-paid-or-accrued,~~
16 ~~as-the-case-may-be,-by~~ federal income tax liability
17 attributable to each.

18 Sec. 2. This Act is effective January first following
19 its enactment for tax years beginning on or after that date.

20 EXPLANATION

21 The bill provides that in computing the state individual
22 income tax, the taxpayer can deduct the federal income tax
23 liability for that tax year rather than the current method
24 of deducting the amount of federal tax paid in that year less
25 the amount of federal tax refunded in that year.

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