

REVENUE DEPARTMENT[701]

Adopted and Filed

Pursuant to the authority of Iowa Code sections 421.14 and 422.68, the Department of Revenue hereby adopts amendments to Chapter 8, “Forms and Communications,” Chapter 40, “Determination of Net Income,” Chapter 42, “Adjustments to Computed Tax and Tax Credits,” Chapter 52, “Filing Returns, Payment of Tax, Penalty and Interest, and Tax Credits,” Chapter 53, “Determination of Net Income,” Chapter 58, “Filing Returns, Payment of Tax, Penalty and Interest, and Tax Credits,” and Chapter 89, “Fiduciary Income Tax,” Iowa Administrative Code.

Notice of Intended Action was published in IAB Vol. XXXV; No. 4, p. 339, on August 22, 2012, as **ARC 0292C**.

Item 1 amends subrule 8.2(2) to update the mailing addresses used when corresponding with the Department.

Item 2 amends subrule 8.3(2) to update the contact information for the Department regarding the approval of substitute tax forms.

Item 3 amends rule 701—40.38(422) by adding new subrule 40.38(10) regarding the partial capital gain deduction allowed for individual income tax for the sale of employer securities to an Iowa employee stock option plan.

Item 4 amends the implementation sentence for rule 701—40.38(422).

Item 5 amends rule 701—40.70(422) by adding new subrule 40.70(3) regarding the repeal of the exclusion from individual income tax for income from the sale, rental or furnishing of tangible personal property or services directly related to the production of film, television or video projects.

Item 6 amends the implementation sentence for rule 701—40.70(422).

Items 7 and 8 amend subrule 42.19(5) and the implementation sentence for rule 701—42.19(40A,422) to provide for changes for individual income tax related to the allocation of the historic preservation and cultural and entertainment district tax credit earned by a partnership, limited liability company or S corporation.

Item 9 amends rule 701—42.24(15E,422) for individual income tax to provide the amount of endow Iowa tax credit available for the 2012 calendar year.

Item 10 amends rule 701—42.37(15,422) by adding new subrule 42.37(4) for individual income tax to reflect the repeal of the film qualified expenditure tax credit.

Item 11 amends the implementation sentence for rule 701—42.37(15,422).

Item 12 amends rule 701—42.38(15,422) by adding new subrule 42.38(3) for individual income tax to reflect the repeal of the film investment tax credit.

Item 13 amends the implementation sentence for rule 701—42.38(15,422).

Item 14 amends rule 701—42.44(422) to update the sequence of tax credits for individual income tax.

Item 15 amends Chapter 42 by adding new rule 701—42.49(422) relating to the volunteer fire fighter and volunteer emergency medical services personnel tax credit for individual income tax.

Item 16 amends rule 701—52.12(422) to update the sequence of tax credits for corporation income tax.

Item 17 amends subrule 52.18(5) to provide for changes for corporation income tax related to the allocation of the historic preservation and cultural and entertainment district tax credit earned by a partnership, limited liability company or S corporation. This change is similar to the change in Item 7.

Item 18 amends rule 701—52.23(15E,422) for corporation income tax to provide the amount of endow Iowa tax credit available for the 2012 calendar year. This change is similar to the change in Item 9.

Item 19 amends paragraph 52.28(2)“a” by adding an example regarding the amortization of the investment tax credit for businesses approved under the High Quality Jobs Program and the Enterprise Zone program.

Item 20 amends rule 701—52.34(15,422) by adding new subrule 52.34(4) for corporation income tax to reflect the repeal of the film qualified expenditure tax credit. This change is similar to the change in Item 10.

Item 21 amends the implementation sentence for rule 701—52.34(15,422).

Item 22 amends rule 701—52.35(15,422) by adding new subrule 52.35(3) for corporation income tax to reflect the repeal of the film investment tax credit. This change is similar to the change in Item 12.

Item 23 amends the implementation sentence for rule 701—52.35(15,422).

Item 24 amends rule 701—53.25(422) by adding new subrule 53.25(3) regarding the repeal of the exclusion from corporation income tax for income from the sale, rental or furnishing of tangible personal property or services directly related to the production of film, television or video projects. This change is similar to the change in Item 5.

Item 25 amends the implementation sentence for rule 701—53.25(422).

Item 26 amends rule 701—58.13(15E,422) for franchise tax to provide the amount of endow Iowa tax credit available for the 2012 calendar year. This change is similar to the change in Items 9 and 18.

Item 27 amends rule 701—58.19(15,422) for franchise tax to reflect the repeal of the film qualified expenditure tax credit.

Item 28 amends rule 701—58.20(15,422) for franchise tax to reflect the repeal of the film investment tax credit.

Items 29 through 33 amend subrules 89.3(3) and 89.8(4) and paragraphs 89.8(7)“t,” 89.8(8)“c” and 89.8(8)“n” to reflect changes for fiduciary income tax regarding the calculation of income for nonresident decedents and for estates and trusts with a situs outside Iowa. These changes reflect that nonresident decedents and estates and trusts with a situs outside Iowa are taxed similarly to nonresidents of Iowa for individual income tax.

Item 34 amends subrule 89.8(11) to update the list of tax credits that can be applied against fiduciary income tax.

Item 35 amends the implementation sentence for rule 701—89.8(422).

There have been no substantive changes to the amendments published under Notice of Intended Action. A change was made to subrule 8.2(2) to reflect the correct post office box number for the Field Services section of the Department.

After analysis and review of this rule making, no adverse impact on jobs has been found. The tax credits may positively impact job and economic growth for businesses in the state of Iowa.

These amendments are intended to implement Iowa Code sections 422.7 and 422.11D as amended by 2012 Iowa Acts, House File 2465, section 31; Iowa Code sections 422.7, 422.33, 422.35 and 422.60 as amended by 2012 Iowa Acts, House File 2337, sections 33 to 36; Iowa Code section 422.12 as amended by 2012 Iowa Acts, Senate File 2322; and 2012 Iowa Acts, House File 2337, sections 38 to 40.

These amendments will become effective November 21, 2012, after filing with the Administrative Rules Coordinator and publication in the Iowa Administrative Bulletin.

EDITOR’S NOTE: Pursuant to recommendation of the Administrative Rules Review Committee published in the Iowa Administrative Bulletin, September 10, 1986, the text of these amendments [amendments to Chs 8, 40, 42, 52, 53, 58, 89] is being omitted. With the exception of the change noted above, these amendments are identical to those published under Notice as **ARC 0292C**, IAB 8/22/12.

[Filed 9/26/12, effective 11/21/12]

[Published 10/17/12]

[For replacement pages for IAC, see IAC Supplement 10/17/12.]