

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 39, "Filing Return and Payment of Tax," Chapter 40, "Determination of Net Income," Chapter 41, "Determination of Taxable Income," Chapter 46, "Withholding," Chapter 48, "Composite Returns," Chapter 52, "Filing Returns, Payment of Tax and Penalty and Interest," Chapter 53, "Determination of Net Income," Chapter 58, "Filing Returns, Payment of Tax, Penalty and Interest, and Allocation of Tax Revenues," and Chapter 59, "Determination of Net Income," Iowa Administrative Code.

Notice of Intended Action was published in IAB Vol. XXXII, No. 14, p. 1690, on December 30, 2009, as **ARC 8430B**.

This rule making:

- Amends rule 701—39.12(422) to allow additional time for certain military personnel deployed outside the United States to file Iowa returns and perform other acts related to the Department of Revenue.
- Amends rule 701—40.43(422) to remove an obsolete provision and provide clarification regarding an exclusion from Iowa individual income tax for payments received by individuals providing unskilled in-home health care to members of a caregiver's family.
- Amends subrule 40.60(3) to provide that the 50 percent bonus depreciation for assets acquired after December 31, 2007, but before January 1, 2010, does not apply for Iowa individual income tax.
- Adopts new subrule 40.60(4) to provide that the 50 percent bonus depreciation for qualified disaster assistance property does not apply for Iowa individual income tax.
- Amends rule 701—40.70(422) to provide that the exclusion of income for individual income tax for qualified expenditures related to a film project registered with the Iowa film office on or after July 1, 2009, must be excluded over a four-year period.
- Amends subrule 41.3(2) to provide that the federal refund received due to the first-time homebuyer credit does not have to be reported on the Iowa individual income tax return.
- Adopts new subrule 41.3(8) to provide that the federal rebate received by individuals in 2009 does have to be included as part of an individual's federal income tax refund for Iowa individual income tax purposes.
- Adopts new subrule 41.5(16) to provide that the charitable contribution for which an endow Iowa tax credit was claimed is not allowed as an itemized deduction for Iowa individual income tax for years beginning on or after January 1, 2010.
- Amends subrule 46.1(2) to clarify the treatment of withholding tax for sick pay benefits.
- Amends subrule 46.3(3) to clarify that amended returns must be filed to claim a refund for Iowa withholding tax if tax was paid which was not due.
- Amends rule 701—48.5(422) to provide that composite returns for Iowa individual income tax may be allowed for nonresidents other than nonresident partners, members, beneficiaries or shareholders in partnerships, limited liability companies, trusts or S corporations.
- Amends subrules 52.7(3) and 52.7(5) to include federal revisions made in 2008 to the research activities credit for corporation income tax and adopts new subrule 52.7(6) to provide for an annual report of certain research activities credit claims, which report is due by February 15 of each year.
- Amends rule 701—52.12(422) to update the sequence of deducting tax credits for corporation income tax.
- Amends subrule 52.14(3) to provide for additional research activities credit for companies eligible under the enterprise zone program for expenses related to the development and deployment of innovative renewable energy generation.
- Amends rule 701—52.18(422) to provide for changes to the historic preservation and cultural and entertainment district tax credit for corporation income tax.

- Amends rule 701—52.23(15E) to provide for changes to the endow Iowa tax credit for corporation income tax.
- Amends rule 701—52.26(422,476B) to provide for changes to the wind energy production tax credit for corporation income tax.
- Amends rule 701—52.27(422,476C) to provide for changes to the renewable energy tax credit for corporation income tax.
- Amends rule 701—52.28(15) to provide, for corporation income tax, that the high quality job creation program has been replaced by the high quality jobs program effective July 1, 2009.
- Amends rule 701—52.33(175,422) to provide for a cap for the agricultural assets transfer tax credit effective with the fiscal year beginning July 1, 2009.
- Amends rule 701—52.34(15,422) to provide for changes to the film qualified expenditure tax credit for corporation income tax.
- Amends rule 701—52.35(15,422) to provide for changes to the film investment tax credit for corporation income tax.
- Amends 701—Chapter 52 by adopting new corporation income tax rules 701—52.38(422) for the school tuition organization tax credit, 701—52.39(15,422) for the redevelopment tax credit, 701—52.40(15) for credits related to the high quality jobs program, and 701—52.41(15) for the aggregate tax credit limit on certain economic development program tax credits.
- Amends rules 701—53.2(422), 701—53.4(422), and 701—53.15(422) to provide that any Iowa net operating loss for corporation income tax is no longer allowed to be carried back for tax years beginning on or after January 1, 2009.
- Amends subrule 53.22(3) to provide that the 50 percent bonus depreciation for assets acquired after December 31, 2007, but before January 1, 2010, does not apply for Iowa corporation income tax.
- Adopts new subrule 53.22(4) to provide that the 50 percent bonus depreciation for qualified disaster assistance property does not apply for Iowa corporation income tax.
- Amends rule 701—53.25(422) to provide that the exclusion of income for corporation income tax for qualified expenditures related to a film project registered with the Iowa film office on or after July 1, 2009, must be excluded over a four-year period.
- Amends rule 701—58.13(15E) to provide for changes to the endow Iowa tax credit for franchise tax.
- Amends rule 701—58.17(15) to provide, for franchise tax, that the high quality job creation program has been replaced by the high quality jobs program effective July 1, 2009.
- Adopts new rule 701—58.21(15) relating to tax credits for the high quality jobs program for franchise tax.
- Amends rules 701—59.2(422) and 701—59.4(422) to provide that any Iowa net operating loss for franchise tax is no longer allowed to be carried back for tax years beginning on or after January 1, 2009.
- Adopts new subrule 59.23(3) providing for the disallowance of 50 percent bonus depreciation for assets acquired after December 31, 2008, but before January 1, 2010, and subrule 59.23(4) relating to the disallowance of 50 percent bonus depreciation for qualified disaster assistance property for Iowa franchise tax.

These amendments are identical to those published under Notice of Intended Action.

These amendments will become effective April 14, 2010, after filing with the Administrative Rules Coordinator and publication in the Iowa Administrative Bulletin.

These amendments are intended to implement Iowa Code section 15.335 as amended by 2009 Iowa Acts, House File 817 and Senate File 478; Iowa Code section 422.21 as amended by 2009 Iowa Acts, Senate File 253; Iowa Code sections 15.329 and 15.335A as amended by 2009 Iowa Acts, Senate File 344; Iowa Code sections 476B.4 and 476C.3 as amended by 2009 Iowa Acts, Senate File 456; Iowa Code section 422.33 as amended by 2009 Iowa Acts, Senate File 470 and Senate File 478; Iowa Code section 469.10 as amended by 2009 Iowa Acts, Senate File 471; Iowa Code sections 15A.9, 15E.305 and 422.10 as amended by 2009 Iowa Acts, Senate File 478; Iowa Code section 15.393 as amended by 2009

Iowa Acts, Senate File 480; Iowa Code section 404A.4 as amended by 2009 Iowa Acts, Senate File 481; and Iowa Code sections 15.119, 175.37 and 422.35 as amended by 2009 Iowa Acts, Senate File 483.

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 39 to 41, 46, 48, 52, 53, 58, 59] is being omitted. These amendments are identical to those published under Notice as **ARC 8430B**, IAB 12/30/09.

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[For replacement pages for IAC, see IAC Supplement 3/10/10.]