

### 15E.43 Investment tax credits.

1. *a.* For tax years beginning on or after January 1, 2015, a tax credit shall be allowed against the taxes imposed in [chapter 422, divisions II, III, and V](#), and in [chapter 432](#), and against the moneys and credits tax imposed in [section 533.329](#), for a portion of a taxpayer's equity investment, as provided in [subsection 2](#), in a qualifying business.

*b.* An individual may claim a tax credit under [this section](#) of a partnership, limited liability company, S corporation, estate, or trust electing to have income taxed directly to the individual. The amount claimed by the individual shall be based upon the pro rata share of the individual's earnings from the partnership, limited liability company, S corporation, estate, or trust.

*c.* A tax credit shall be allowed only for an investment made in the form of cash to purchase equity in a qualifying business.

*d.* For a tax credit claimed against the taxes imposed in [chapter 422, division II](#), any tax credit in excess of the tax liability is refundable. In lieu of claiming a refund, the taxpayer may elect to have the overpayment shown on the taxpayer's final, completed return credited to the tax liability for the following tax year. For a tax credit claimed against the taxes imposed in [chapter 422, divisions III and V](#), and in [chapter 432](#), and against the moneys and credits tax imposed in [section 533.329](#), any tax credit in excess of the taxpayer's liability for the tax year may be credited to the tax liability for the following three years or until depleted, whichever is earlier. A tax credit shall not be carried back to a tax year prior to the tax year in which the taxpayer redeems the tax credit.

2. *a.* The amount of the tax credit shall equal twenty-five percent of the taxpayer's equity investment.

*b.* The maximum amount of a tax credit that may be issued per calendar year to a natural person and the person's spouse or dependent shall not exceed one hundred thousand dollars combined. For purposes of this paragraph, a tax credit issued to a partnership, limited liability company, S corporation, estate, or trust electing to have income taxed directly to the individual shall be deemed to be issued to the individual owners based upon the pro rata share of the individual's earnings from the entity. For purposes of this paragraph, "*dependent*" has the same meaning as provided by the Internal Revenue Code.

*c.* The maximum amount of tax credits that may be issued per calendar year for equity investments in any one qualifying business shall not exceed five hundred thousand dollars.

3. An investment shall be deemed to have been made on the same date as the date of acquisition of the equity interest as determined by the Internal Revenue Code.

4. The authority shall not issue tax credits under this section in excess of the amount approved by the authority for any one fiscal year pursuant to [section 15.119](#).

5. A tax credit shall not be transferred to any other person.

6. The authority shall develop a system for registration and issuance of tax credits authorized pursuant to [this division](#) and shall control distribution of all tax credit certificates to investors pursuant to [this division](#). The authority shall develop rules for the qualification and administration of qualifying businesses. The department of revenue shall adopt rules pursuant to [chapter 17A](#) as necessary for the administration of [this division](#).

[2002 Acts, ch 1006, §3, 13; 2002 Acts, ch 1175, §76; 2003 Acts, ch 145, §286; 2003 Acts, ch 179, §96, 97, 159; 2004 Acts, ch 1148, §2, 7; 2005 Acts, ch 157, §1; 2007 Acts, ch 174, §83; 2011 Acts, ch 118, §87, 89; 2011 Acts, ch 130, §38, 46, 47, 71; 2014 Acts, ch 1124, §1 – 3, 8; 2015 Acts, ch 138, §113 – 115, 126, 127](#)

Referred to in [§15.119, §15E.44, §422.11F, §422.33, §422.60, §432.12C, §533.329](#)

2011 amendment to subsection 4 applies retroactively to January 1, 2011, for tax years beginning and investments made on or after that date; [2011 Acts, ch 130, §47](#)

2014 amendment to subsection 1, paragraph b, and to subsections 3 and 5, apply retroactively to tax years beginning and investments made on or after January 1, 2014; [2014 Acts, ch 1124, §8](#)

2015 amendments take effect July 2, 2015, and apply to equity investments in a qualifying business made on or after that date; [2015 Acts, ch 138, §126, 127](#)

For restrictions on the issuance and claiming of investment tax credits under this section for equity investments made on or after July 2, 2015, see [2015 Acts, ch 138, §125](#)

Subsections 1, 2, and 5 amended

Subsection 6 stricken and former subsection 7 amended and renumbered as 6

Subsection 8 stricken