

422.35 Net income of corporation — how computed.

The term “*net income*” means the taxable income before the net operating loss deduction, as properly computed for federal income tax purposes under the Internal Revenue Code, with the following adjustments:

1. Subtract interest and dividends from federal securities.
2. Add interest and dividends from foreign securities, from securities of state and other political subdivisions, and from regulated investment companies exempt from federal income tax under the Internal Revenue Code, except for those securities the interest and dividends from which are exempt from taxation by the state of Iowa as otherwise provided by law, including those set forth in [section 422.7, subsection 2](#).
3. Where the net income includes capital gains or losses, or gains or losses from property other than capital assets, and such gains or losses have been determined by using a basis established prior to January 1, 1934, an adjustment may be made, under rules and regulations prescribed by the director, to reflect the difference resulting from the use of a basis of cost or January 1, 1934, fair market value, less depreciation allowed or allowable, whichever is higher. Provided that the basis shall be fair market value as of January 1, 1955, less depreciation allowed or allowable, in the case of property acquired prior to that date if use of a prior basis is declared to be invalid.
4.
 - a. For tax years beginning before January 1, 2022, subtract fifty percent of the federal income taxes paid during the tax year to the extent payment is for a tax year beginning prior to January 1, 2021, adjusted by any federal income tax refunds to the extent the tax was deducted for a tax year beginning prior to January 1, 2021.
 - b. Add the Iowa income tax deducted in computing federal taxable income.
5. Subtract the amount of the work opportunity tax credit allowable for the tax year under section 51 of the Internal Revenue Code to the extent that the credit increased federal taxable income.
6.
 - a. If the taxpayer is a small business corporation, subtract an amount equal to sixty-five percent of the wages paid to individuals, but not to exceed twenty thousand dollars per individual, named in subparagraphs (1), (2), and (3) who were hired for the first time by the taxpayer during the tax year for work done in this state:
 - (1) An individual with a disability domiciled in this state at the time of the hiring who meets any of the following conditions:
 - (a) Has a physical or mental impairment which substantially limits one or more major life activities.
 - (b) Has a record of that impairment.
 - (c) Is regarded as having that impairment.
 - (2) An individual domiciled in this state at the time of the hiring who meets any of the following conditions:
 - (a) Has been convicted of a felony in this or any other state or the District of Columbia.
 - (b) Is on parole pursuant to [chapter 906](#).
 - (c) Is on probation pursuant to [chapter 907](#), for an offense other than a simple misdemeanor.
 - (d) Is in a work release program pursuant to [chapter 904, subchapter IX](#).
 - (3) An individual, whether or not domiciled in this state at the time of the hiring, who is on parole or probation and to whom the interstate probation and parole compact under [section 907A.1](#), Code 2001, applies, or to whom the interstate compact for adult offender supervision under [chapter 907B](#) applies.
 - b. This deduction is allowed for the wages paid to the individuals successfully completing a probationary period named in paragraph “a”, subparagraphs (1), (2), and (3) during the twelve months following the date of first employment by the taxpayer and shall be deducted in the tax years when paid.
 - c. For purposes of [this subsection](#):
 - (1) “*Physical or mental impairment*” means any physiological disorder or condition, cosmetic disfigurement, or anatomical loss affecting one or more of the body systems or any

mental or psychological disorder, including intellectual disability, organic brain syndrome, emotional or mental illness, and specific learning disabilities.

(2) (a) “*Small business*” means a profit or nonprofit business, including but not limited to an individual, partnership, corporation, joint venture, association, or cooperative, to which the following apply:

(i) It is not an affiliate or subsidiary of a business dominant in its field of operation.

(ii) It has either twenty or fewer full-time equivalent positions or not more than the equivalent of three million dollars in annual gross revenues as computed for the preceding fiscal year or as the average of the three preceding fiscal years.

(iii) It does not include the practice of a profession.

(b) “*Small business*” includes an employee-owned business which has been an employee-owned business for less than three years or which meets the conditions of subparagraph division (a), subparagraph subdivisions (i) through (iii).

(c) For purposes of this definition, “*dominant in its field of operation*” means having more than twenty full-time equivalent positions and more than three million dollars in annual gross revenues, and “*affiliate or subsidiary of a business dominant in its field of operation*” means a business which is at least twenty percent owned by a business dominant in its field of operation, or by partners, officers, directors, majority stockholders, or their equivalents, of a business dominant in that field of operation.

6A. a. If the taxpayer is a business corporation and does not qualify for the adjustment under [subsection 6](#), subtract an amount equal to sixty-five percent of the wages paid to individuals, but shall not exceed twenty thousand dollars per individual, named in subparagraphs (1) and (2) who were hired for the first time by the taxpayer during the tax year for work done in this state:

(1) An individual domiciled in this state at the time of the hiring who meets any of the following conditions:

(a) Has been convicted of a felony in this or any other state or the District of Columbia.

(b) Is on parole pursuant to [chapter 906](#).

(c) Is on probation pursuant to [chapter 907](#), for an offense other than a simple misdemeanor.

(d) Is in a work release program pursuant to [chapter 904, subchapter IX](#).

(2) An individual, whether or not domiciled in this state at the time of the hiring, who is on parole or probation and to whom the interstate probation and parole compact under [section 907A.1](#), Code 2001, applies, or to whom the interstate compact for adult offender supervision under [chapter 907B](#) applies.

b. This deduction is allowed for the wages paid to the individuals successfully completing a probationary period named in paragraph “a”, subparagraphs (1) and (2) during the twelve months following the date of first employment by the taxpayer and shall be deducted in the tax years when paid.

c. The department shall develop and distribute information concerning the deduction available for businesses employing persons named in paragraph “a”, subparagraphs (1) and (2).

7. Subtract the amount of the alcohol and cellulosic biofuel fuels credit allowable for the tax year under section 40 of the Internal Revenue Code to the extent that the credit increased federal taxable income.

8. Add the amounts deducted and subtract the amounts included in income as a result of the treatment provided sale-leaseback agreements under section 168(f)(8) of the Internal Revenue Code for property placed in service by the transferee prior to January 1, 1986, to the extent that the amounts deducted and the amounts included in income are not otherwise deductible or included in income under the other provisions of the Internal Revenue Code as amended to and including December 31, 1985. Entitlement to depreciation on any property involved in a sale-leaseback agreement which is placed in service by the transferee prior to January 1, 1986, shall be determined under the Internal Revenue Code as amended to and including December 31, 1985, excluding section 168(f)(8) in making the determination.

9. Reserved.

10. Add the percentage depletion amount determined with respect to an oil, gas, or

geothermal well using methods in section 613 of the Internal Revenue Code that is in excess of the cost depletion amount determined under section 611 of the Internal Revenue Code.

11. If after applying all of the adjustments provided for in [this section](#) and the allocation and apportionment provisions of [section 422.33](#), the Iowa taxable income results in a net operating loss, such net operating loss shall be deducted as follows:

a. For tax years beginning prior to January 1, 2009, the Iowa net operating loss shall be carried back three taxable years for a net operating loss incurred in a presidentially declared disaster area by a taxpayer engaged in a small business or in the trade or business of farming. For all other Iowa net operating losses for tax years beginning prior to January 1, 2009, the net operating loss shall be carried back two taxable years or to the taxable year in which the corporation first commenced doing business in this state, whichever is later.

b. An Iowa net operating loss for a tax year beginning on or after January 1, 2009, or an Iowa net operating loss remaining after being carried back as required in paragraph “a” or “f” shall be carried forward twenty taxable years.

c. If the election under section 172(b)(3) of the Internal Revenue Code is made, the Iowa net operating loss shall be carried forward twenty taxable years.

d. No portion of a net operating loss which was sustained from that portion of the trade or business carried on outside the state of Iowa shall be deducted.

e. The limitations on net operating loss carryback and carryforward under sections 172(b)(1)(E) and 172(h) of the Internal Revenue Code shall apply.

f. Notwithstanding paragraph “a”, for a taxpayer who is engaged in the trade or business of farming as defined in section 263A(e)(4) of the Internal Revenue Code and has a loss from farming as defined in section 172(b)(1)(F) of the Internal Revenue Code including modifications prescribed by rule by the director, the Iowa loss from the trade or business of farming, for tax years beginning prior to January 1, 2009, is a net operating loss which may be carried back five taxable years prior to the taxable year of the loss.

g. The deductions described in paragraphs “a” through “f” of [this subsection](#) are allowed subject to the requirement that a corporation affected by the allocation provisions of [section 422.33](#) shall be permitted to deduct only that portion of the deductions for net operating loss and federal income taxes that is fairly and equitably allocable to Iowa, under rules prescribed by the director.

12. Subtract the loss on the sale or exchange of a share of a regulated investment company held for six months or less to the extent the loss was disallowed under section 852(b)(4)(B) of the Internal Revenue Code.

13. Add, to the extent it reduced federal taxable income, any amount contributed under section 170 of the Internal Revenue Code to the extent such contribution was made to an organization for the purpose of deposit in the Iowa education savings plan trust established in [chapter 12D](#), and the taxpayer designated that any part of the contribution be used for the direct benefit of any dependent of a shareholder of the taxpayer or any other single beneficiary designated by the taxpayer.

14. a. Notwithstanding any other provision of the law to the contrary, the increased expensing allowance under section 179 of the Internal Revenue Code, as amended by Pub. L. No. 115-97, §13101, applies in computing net income for state tax purposes for tax years beginning on or after January 1, 2018, subject to the limitations in [this subsection](#) for tax years beginning prior to January 1, 2020.

b. If the taxpayer has taken the increased expensing allowance under section 179 of the Internal Revenue Code, as amended by Pub. L. No. 115-97, §13101, for purposes of computing federal taxable income for tax years beginning on or after January 1, 2018, but before January 1, 2020, then the taxpayer shall make the following adjustments to federal taxable income when computing net income for state tax purposes for the same tax year:

(1) Add the total amount of expense deduction taken on section 179 property allowable for federal tax purposes under section 179 of the Internal Revenue Code, as amended by Pub. L. No. 115-97, §13101.

(2) (a) For tax years beginning on or after January 1, 2018, but before January 1, 2019, subtract the amount of expense deduction on section 179 property allowable for federal tax purposes under section 179 of the Internal Revenue Code, as amended by Pub. L. No. 115-97,

§13101, not to exceed seventy thousand dollars. The subtraction in this subparagraph division shall be reduced, but not below zero, by the amount by which the total cost of section 179 property placed in service by the taxpayer during the tax year exceeds two hundred eighty thousand dollars.

(b) For the tax years beginning on or after January 1, 2019, but before January 1, 2020, subtract the amount of expense deduction on section 179 property allowable for federal tax purposes under section 179 of the Internal Revenue Code, as amended by Pub. L. No. 115-97, §13101, not to exceed one hundred thousand dollars. The subtraction in this subparagraph shall be reduced, but not below zero, by the amount by which the total cost of section 179 property placed in service by the taxpayer during the tax year exceeds four hundred thousand dollars.

(3) Any other adjustments to gains or losses necessary to reflect adjustments made in subparagraphs (1) and (2).

c. The director shall adopt rules pursuant to [chapter 17A](#) to administer [this subsection](#).

15. a. For tax years beginning on or after January 1, 2018, but before January 1, 2020, a taxpayer may elect to take advantage of [this subsection](#) in lieu of [subsection 14](#), but only if the taxpayer's total expensing allowance deduction for federal tax purposes under section 179 of the Internal Revenue Code, as amended by Pub. L. No. 115-97, §13101, that is allocated to the taxpayer from one or more partnerships or limited liability companies electing to have the income taxed directly to the owners exceeds seventy thousand dollars for a tax year beginning during the 2018 calendar year, or exceeds one hundred thousand dollars for the tax year beginning during the 2019 calendar year, and would, except as provided in [this subsection](#), be limited for purposes of computing net income for state tax purposes pursuant to [subsection 14](#).

b. A taxpayer who elects to take advantage of [this subsection](#) shall make the following adjustments to federal taxable income when computing net income for state tax purposes:

(1) Add the total amount of section 179 expense deduction allocated to the taxpayer from all partnerships or limited liability companies electing to have the income taxed directly to the owners, to the extent the allocated amount was allowed as a deduction to the taxpayer for federal tax purposes for the tax year under section 179 of the Internal Revenue Code, as amended by Pub. L. No. 115-97, §13101.

(2) From the amount added in subparagraph (1), do the following:

(a) For tax years beginning on or after January 1, 2018, but before January 1, 2019, subtract the first seventy thousand dollars of expensing allowance deduction on section 179 property.

(b) For tax years beginning on or after January 1, 2019, but before January 1, 2020, subtract the first one hundred thousand dollars of expensing allowance deduction on section 179 property.

(3) The remaining amount, equal to the difference between the amount added in subparagraph (1), and the amount subtracted in subparagraph (2), may be deducted by the taxpayer but such deduction shall be amortized equally over five tax years beginning in the following tax year.

(4) Any other adjustments to gains or losses necessary to reflect adjustments made in subparagraphs (1) through (3).

c. A taxpayer who elects to take advantage of [this subsection](#) shall not take the increased expensing allowance under section 179 of the Internal Revenue Code, as amended by Pub. L. No. 115-97, §13101, for any section 179 property placed in service by the taxpayer in computing taxable income for state tax purposes. If the taxpayer has taken any such deduction for purposes of computing federal taxable income, the taxpayer shall make the following adjustments to federal taxable income when computing net income for state tax purposes:

(1) Add the total amount of expense deduction for federal tax purposes taken on section 179 property placed in service by the taxpayer under section 179 of the Internal Revenue Code, as amended by Pub. L. No. 115-97, §13101.

(2) Subtract the amount of depreciation allowable on such property under the modified accelerated cost recovery system described in section 168 of the Internal Revenue Code,

without regard to section 168(k) of the Internal Revenue Code. The taxpayer shall continue to take depreciation on the applicable property in future tax years to the extent allowed under the modified accelerated cost recovery system described in section 168 of the Internal Revenue Code, without regard to section 168(k) of the Internal Revenue Code.

(3) Any other adjustments to gains or losses necessary to reflect the adjustments made in subparagraphs (1) and (2).

d. The election made under [this subsection](#) is for one tax year and the taxpayer may elect or not elect to take advantage of [this subsection](#) in any subsequent tax year. However, not electing to take advantage of [this subsection](#) in a subsequent tax year shall not affect the taxpayer's ability to claim the tax deduction under paragraph "b", subparagraph (3), that originated from a previous tax year.

e. The director shall adopt rules pursuant to [chapter 17A](#) to administer [this subsection](#).

16. Add depreciation taken for federal income tax purposes on a speculative shell building defined in [section 427.1, subsection 27](#), which is owned by a for-profit entity and the for-profit entity is receiving the proper tax exemption. Subtract depreciation computed as if the speculative shell building were classified as fifteen-year property during the period during which it is owned by the taxpayer and is receiving the property tax exemption. However, [this subsection](#) does not apply to a speculative shell building which is used by the taxpayer, subsidiary of the taxpayer, or majority owners of the taxpayer, for other than as a speculative shell building, as defined in [section 427.1, subsection 27](#).

17. Subtract the amount of the employer social security credit allowable for the tax year under section 45B of the Internal Revenue Code to the extent that the credit increases federal taxable income.

18. Add, to the extent not already included, income from the sale of obligations of the state and its political subdivisions. Income from the sale of these obligations is exempt from the taxes imposed by [this division](#) only if the law authorizing these obligations specifically exempts the income from the sale from the state corporate income tax.

19. a. The additional first-year depreciation allowance authorized in section 168(k) of the Internal Revenue Code, as enacted by Pub. L. No. 107-147, §101, does not apply in computing net income for state tax purposes. If the taxpayer has taken such deduction in computing taxable income, the following adjustments shall be made:

(1) Add the total amount of depreciation taken on all property for which the election under section 168(k) of the Internal Revenue Code was made for the tax year.

(2) Subtract an amount equal to depreciation allowed on such property for the tax year using the modified accelerated cost recovery system depreciation method applicable under section 168 of the Internal Revenue Code without regard to section 168(k).

(3) Any other adjustments to gains or losses to reflect the adjustments made in subparagraphs (1) and (2) pursuant to rules adopted by the director.

b. A taxpayer may elect to apply the additional first-year depreciation allowance authorized in section 168(k)(4) of the Internal Revenue Code, as enacted by Pub. L. No. 108-27, in computing net income for state tax purposes, for qualified property acquired after May 5, 2003, and before January 1, 2005. If the taxpayer elects to take the additional first-year depreciation allowance authorized in section 168(k)(4) of the Internal Revenue Code for state tax purposes, the deduction may be taken on amended state tax returns, if necessary. If the taxpayer does not elect to take the additional first-year depreciation allowance authorized in section 168(k)(4) of the Internal Revenue Code for state tax purposes, the following adjustment shall be made:

(1) Add the total amount of depreciation taken on all property for which the election under section 168(k)(4) of the Internal Revenue Code was made for the tax year.

(2) Subtract an amount equal to depreciation allowed on such property for the tax year using the modified accelerated cost recovery system depreciation method applicable under section 168 of the Internal Revenue Code without regard to section 168(k)(4).

(3) Any other adjustments to gains or losses to reflect the adjustments made in subparagraphs (1) and (2) pursuant to rules adopted by the director.

19A. The additional first-year depreciation allowance authorized in section 168(k) of the Internal Revenue Code does not apply in computing net income for state tax purposes. If the

taxpayer has taken the additional first-year depreciation allowance for purposes of computing federal taxable income, then the taxpayer shall make the following adjustments to federal taxable income when computing net income for state tax purposes:

a. Add the total amount of depreciation taken under section 168(k) of the Internal Revenue Code for the tax year.

b. Subtract the amount of depreciation allowable under the modified accelerated cost recovery system described in section 168 of the Internal Revenue Code and calculated without regard to section 168(k).

c. Any other adjustments to gains or losses necessary to reflect the adjustments made in paragraphs "a" and "b". The director shall adopt rules for the administration of this paragraph.

19B. The additional first-year depreciation allowance authorized in section 168(n) of the Internal Revenue Code, as enacted by Pub. L. No. 110-343, §710, does not apply in computing net income for state tax purposes. If the taxpayer has taken the additional first-year depreciation allowance for purposes of computing federal taxable income, then the taxpayer shall make the following adjustments to federal taxable income when computing net income for state tax purposes:

a. Add the total amount of depreciation taken under section 168(n) of the Internal Revenue Code for the tax year.

b. Subtract the amount of depreciation allowable under the modified accelerated cost recovery system described in section 168 of the Internal Revenue Code and calculated without regard to section 168(n).

c. Any other adjustments to gains or losses necessary to reflect the adjustments made in paragraphs "a" and "b". The director shall adopt rules for the administration of this paragraph.

20. A taxpayer may elect not to take the increased expensing allowance under section 179 of the Internal Revenue Code, as amended by Pub. L. No. 108-27, §202, in computing taxable income for state tax purposes. If the taxpayer does not take the increased expensing allowance under section 179 of the Internal Revenue Code for state tax purposes, the following adjustments shall be made:

a. Add the total amount of expense deduction taken on section 179 property for federal tax purposes under section 179 of the Internal Revenue Code.

b. Subtract the amount of expense deduction on section 179 property allowable for federal tax purposes under section 179 of the Internal Revenue Code prior to enactment of Pub. L. No. 108-27, §202.

c. Any other adjustments to gains and losses to the adjustments made in paragraphs "a" and "b" pursuant to rules adopted by the director.

21. Subtract the amount of foreign dividend income, including subpart F income as defined in section 952 of the Internal Revenue Code, based upon the percentage of ownership as set forth in section 243 of the Internal Revenue Code.

22. Subtract, to the extent included, the amount of ordinary or capital gain realized by the taxpayer as a result of the involuntary conversion of property due to eminent domain. However, if the total amount of such realized ordinary or capital gain is not recognized because the converted property is replaced with property that is similar to, or related in use to, the converted property, the amount of such realized ordinary or capital gain shall not be subtracted under [this subsection](#) until the remaining realized ordinary or capital gain is subject to federal taxation or until the time of disposition of the replacement property as provided under rules of the director. The subtraction allowed under [this subsection](#) shall not alter the basis as established for federal tax purposes of any property owned by the taxpayer.

23. Reserved.

24. A taxpayer is not allowed to take the increased expensing allowance under section 179 of the Internal Revenue Code, as amended by Pub. L. No. 111-5, §1202, in computing taxable income for state tax purposes.

25. Subtract, to the extent included, the amount of any biodiesel production refund provided pursuant to [section 423.4](#).

[C35, §6943-f31; C39, §**6943.067**; C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §422.35; 81 Acts, ch 132, §8, 9; 82 Acts, ch 1023, §14, 15, 30, 31, ch 1203, §2, ch 1206, §1]

83 Acts, ch 174, §2, 3; 83 Acts, ch 179, §16, 24; 86 Acts, ch 1236, §9; 86 Acts, ch 1238, §20; 86 Acts, ch 1241, §23; 87 Acts, 1st Ex, ch 1, §8 – 11; 89 Acts, ch 175, §3; 89 Acts, ch 225, §20, 21; 90 Acts, ch 1168, §46; 90 Acts, ch 1171, §6; 90 Acts, ch 1195, §2; 90 Acts, ch 1251, §53; 91 Acts, ch 210, §3; 92 Acts, ch 1222, §5, 6; 92 Acts, ch 1225, §2, 5; 94 Acts, ch 1107, §26; 94 Acts, ch 1166, §9, 10, 12; 95 Acts, ch 152, §6, 7; 96 Acts, ch 1129, §113; 97 Acts, ch 135, §8, 9; 98 Acts, ch 1078, §8, 12; 98 Acts, ch 1172, §13, 14; 99 Acts, ch 95, §10 – 13; 2001 Acts, ch 15, §3, 4; 2001 Acts, ch 116, §7, 28; 2001 Acts, 2nd Ex, ch 6, §23 – 26, 37; 2003 Acts, ch 139, §10 – 12; 2004 Acts, ch 1101, §47; 2004 Acts, 1st Ex, ch 1001, §40 – 42; 2005 Acts, ch 2, §3, 4, 6; 2005 Acts, ch 19, §54; 2005 Acts, ch 24, §9 – 11; 2005 Acts, ch 140, §41, 73; 2006 Acts, 1st Ex, ch 1001, §42, 49; 2007 Acts, ch 54, §36; 2007 Acts, ch 162, §8, 13; 2007 Acts, ch 186, §17; 2008 Acts, ch 1011, §8, 9; 2009 Acts, ch 133, §141 – 143; 2009 Acts, ch 135, §4, 5; 2011 Acts, ch 41, §21 – 25; 2011 Acts, ch 113, §58, 60; 2012 Acts, ch 1019, §130; 2012 Acts, ch 1110, §12; 2012 Acts, ch 1136, §35, 39 – 41; 2013 Acts, ch 1, §10 – 12; 2013 Acts, ch 70, §5, 6; 2013 Acts, ch 100, §24, 27; 2015 Acts, ch 1, §10 – 12; 2016 Acts, ch 1107, §4 – 6; 2018 Acts, ch 1161, §94 – 98; 2019 Acts, ch 4, §1 – 3

Referred to in [§422.33](#), [422.60](#), [422.61](#)

For future amendment to unnumbered paragraph 1, and subsections 3, 4, 5, 7, 8, 10, 11, 16, 17, 18, 19, 19B, 20, 22, and 24, effective on or after January 1, 2023, contingent upon meeting certain net general fund revenue criteria, see 2018 Acts, ch 1161, §128 – 130, 133, 134

2015 amendment to subsection 19A takes effect February 17, 2015, and applies retroactively to January 1, 2014, for tax years ending on or after that date; 2015 Acts, ch 1, §11, 12

For provisions relating to the disallowance of additional first-year depreciation under §168(k) of the Internal Revenue Code for tax years ending on or after January 1, 2015, see 2016 Acts, ch 1007, §3 – 5; 2017 Acts, ch 157, §11 – 13

Subsection 13 takes effect May 25, 2016, and applies retroactively to January 1, 2016, for tax years beginning on or after that date; 2016 Acts, ch 1107, §5, 6

2018 amendment to subsection 4, effective January 1, 2019, and applies to tax years beginning on or after that date; 2018 Acts, ch 1161, §97, 98

Subsections 14 and 15 effective January 1, 2019, and apply to tax years beginning on or after that date; 2018 Acts, ch 1161, §97, 98

2018 amendment to subsection 19A effective January 1, 2019, and applies to tax years beginning on or after that date; 2018 Acts, ch 1161, §97, 98

2019 amendment to subsections 14 and 15 takes effect March 15, 2019, and applies retroactively to January 1, 2018, for tax years beginning on or after that date; 2019 Acts, ch 4, §2, 3

For exchanges under section 1031 of the Internal Revenue Code of personal property for the 2019 calendar year, see 2019 Acts, ch 152, §11, 16

Subsections 14 and 15 amended