422.33 Corporate tax imposed — credit.

1. *a.* A tax is imposed annually upon each corporation doing business in this state, or deriving income from sources within this state, in an amount computed by applying the following rates of taxation to the net income received by the corporation during the income year:

(1) On the first twenty-five thousand dollars of taxable income, or any part thereof, the rate of six percent for tax years beginning prior to January 1, 2021, and the rate of five and one-half percent for tax years beginning on or after January 1, 2021.

(2) On taxable income between twenty-five thousand dollars and one hundred thousand dollars or any part thereof, the rate of eight percent for tax years beginning prior to January 1, 2021, and the rate of five and one-half percent for tax years beginning on or after January 1, 2021.

(3) On taxable income between one hundred thousand dollars and two hundred fifty thousand dollars or any part thereof, the rate of ten percent for tax years beginning prior to January 1, 2021, and the rate of nine percent for tax years beginning on or after January 1, 2021.

(4) On taxable income of two hundred fifty thousand dollars or more, the rate of twelve percent for tax years beginning prior to January 1, 2021, and the rate of nine and eight-tenths percent for tax years beginning on or after January 1, 2021.

b. (1) (a) Notwithstanding paragraph *"a"*, the department of management and the department of revenue shall determine corporate income tax rates as provided in this paragraph. A tax rate in this subsection shall remain in effect until the tax rate is adjusted pursuant to this paragraph.

(b) By November 1, 2022, and by November 1 each year thereafter, the department of management shall determine the net corporate income tax receipts for the fiscal year preceding the determination date. If net corporate income tax receipts for the preceding fiscal year exceed seven hundred million dollars, the department of revenue shall adjust and apply new corporate income tax rates as provided in subparagraph (2).

(2) (a) If a determination has been made that net corporate income tax receipts for the preceding fiscal year exceeded seven hundred million dollars, the department of revenue shall adjust the tax rates specified in paragraph *"a"*, subparagraphs (3) and (4), and apply the adjusted rates for tax years beginning on or after the next January 1 following the determination date.

(b) (i) The tax rates subject to adjustment shall be adjusted in such a way that when combined with all the other rates specified in paragraph *"a"*, the tax rates would have generated net corporate income tax receipts that equal seven hundred million dollars in the preceding fiscal year.

(ii) When adjusting the tax rates, the tax rates shall be adjusted as follows:

(A) The tax rate in effect that corresponds with the specified tax rate in paragraph *"a"*, subparagraph (4), shall first be adjusted but not below the tax rate in effect that corresponds with the specified rate in paragraph *"a"*, subparagraph (3).

(B) If after the adjustment in subparagraph part (A) is made, and an additional adjustment is necessary, the tax rates that correspond with the rates specified in paragraph *"a"*, subparagraphs (3) and (4), shall be adjusted on an equal basis.

(iii) The tax rates adjusted pursuant to this paragraph shall not be adjusted below five and one-half percent.

(iv) The tax rates, when adjusted, shall be rounded down to the nearest one-tenth of one percent.

(3) If a tax rate is adjusted pursuant to this paragraph, the director of revenue shall cause an advisory notice containing the new corporate tax rates to be published in the Iowa administrative bulletin and on the internet site of the department of revenue. The calculation and publication of the adjusted tax rate by the director of revenue is exempt from chapter 17A, and shall be submitted for publication by the first December 31 following the determination date to adjust the tax rates.

1A. There is imposed upon each corporation exempt from the general business tax on corporations by section 422.34, subsection 2, a tax at the rates in subsection 1 upon the state's apportioned share computed in accordance with subsections 2 and 3 of the unrelated business income computed in accordance with the Internal Revenue Code and with the adjustments set forth in section 422.35.

2. *a.* If the trade or business of the corporation is carried on entirely within the state, the tax shall be imposed on the entire net income, but if the trade or business is carried on partly within and partly without the state or if income is derived from sources partly within and partly without the state, or if income is derived from trade or business and sources, all of which are not entirely in the state, the tax shall be imposed only on the portion of the net income reasonably attributable to the trade or business or sources within the state, with the net income attributable to the state to be determined as follows:

(1) Nonbusiness interest, dividends, rents and royalties, less related expenses, shall be allocated within and without the state in the following manner:

(a) Nonbusiness interest, dividends, and royalties from patents and copyrights shall be allocable to this state if the taxpayer's commercial domicile is in this state.

(b) Nonbusiness rents and royalties received from real property located in this state are allocable to this state.

(c) Nonbusiness rents and royalties received from tangible personal property are allocable to this state to the extent that the property is utilized in this state; or in their entirety if the taxpayer's commercial domicile is in this state and the taxpayer is not taxable in the state in which the property is utilized. The extent of utilization of tangible personal property in a state is determined by multiplying the rents and royalties by a fraction, the numerator of which is the number of days of physical location of the property in the state during the rental or royalty period in the taxable year and the denominator of which is the number of days of physical location of the property everywhere during all rental or royalty periods in the taxable year. If the physical location of the property during the rental or royalty period is unknown or unascertainable by the taxpayer, tangible personal property is utilized in the state in which the property was located at the time the rental or royalty payor obtained possession.

(d) Nonbusiness capital gains and losses from the sale or other disposition of assets shall be allocated as follows:

(i) Gains and losses from the sale or other disposition of real property located in this state are allocable to this state.

(ii) Gains and losses from the sale or other disposition of tangible personal property are allocable to this state if the property had a situs in this state at the time of the sale or disposition or if the taxpayer's commercial domicile is in this state and the taxpayer is not taxable in the state in which the property had a situs.

(iii) Gains and losses from the sale or disposition of intangible personal property are allocable to this state if the taxpayer's commercial domicile is in this state.

(2) Net nonbusiness income of the above class having been separately allocated and deducted as above provided, the remaining net business income of the taxpayer shall be allocated and apportioned as follows:

(a) Business interest, dividends, rents, and royalties shall be reasonably apportioned within and without the state under rules adopted by the director.

(b) Capital gains and losses from the sale or other disposition of assets shall be apportioned to the state based upon the business activity ratio applicable to the year the gain or loss is determined if the corporation determines Iowa taxable income by a sales, gross receipts or other business activity ratio. If the corporation has only allocable income, capital gains and losses from the sale or other disposition of assets shall be allocated in accordance with subparagraph (1), subparagraph division (d).

(c) Where income is derived from business other than the manufacture or sale of tangible personal property, the income shall be specifically allocated or equitably apportioned within and without the state under rules of the director.

(d) Where income is derived from the manufacture or sale of tangible personal property, the part attributable to business within the state shall be in that proportion which the gross sales made within the state bear to the total gross sales.

(e) (i) Notwithstanding subparagraph division (c), where income is derived by a broadcaster from broadcasting, the part attributable to business within the state shall be in the proportion that the gross receipts from broadcasting derived from customers whose commercial domicile is in this state bears to the total gross receipts from broadcasting.

(ii) Notwithstanding subparagraph subdivision (i) or subparagraph division (c), where income is derived by a broadcaster from national or local political advertising that is directed exclusively at one or more markets in this state, all gross receipts from such advertising shall be attributable to business within the state.

(iii) For purposes of this subparagraph division:

(A) *"Broadcaster"* means a taxpayer who is engaged in the business of broadcasting. *"Broadcaster"* includes a television network, a cable program network, and a television distribution company. *"Broadcaster"* does not include a cable system operator, a direct broadcast satellite system operator, or a television or radio station licensed by the federal communications commission.

(B) *"Broadcasting"* means the transmission of film programming by an electronic or other signal conducted by microwaves, wires, lines, coaxial cables, wave guides, fiber optics, satellite transmissions, or through any other means of communication directly or indirectly to viewers and listeners.

(C) *"Customer"* means a person who has a direct contractual relationship with a broadcaster from whom the broadcaster derives gross receipts. *"Customer"* includes but is not limited to an advertiser or licensee.

(D) *"Gross receipts from broadcasting"* means gross receipts of a broadcaster from transactions and activities in the regular course of its business, including but not limited to advertising, licensing, and distribution, but excluding gross receipts from the sale of real property or tangible personal property.

(f) Notwithstanding subparagraph division (c), income described in section 29C.24, subsection 3, paragraph *"a"*, subparagraph (3), shall not be allocated and apportioned to the state, as provided in section 29C.24.

(g) Where income consists of more than one class of income as provided in subparagraph divisions (a) through (e) of this subparagraph, it shall be reasonably apportioned by the business activity ratio provided in rules adopted by the director.

(h) The gross sales of the corporation within the state shall be taken to be the gross sales from goods delivered or shipped to a purchaser within the state regardless of the F.O.B. point or other conditions of the sale, excluding deliveries for transportation out of the state.

b. For the purpose of this subsection:

(1) *"Manufacture"* shall include the extraction and recovery of natural resources and all processes of fabricating and curing.

(2) *"Sale"* shall include exchange.

(3) *"Tangible personal property"* shall be taken to mean corporeal personal property, such as machinery, tools, implements, goods, wares, and merchandise, and shall not be taken to mean money deposits in banks, shares of stock, bonds, notes, credits, or evidence of an interest in property and evidences of debt.

3. If any taxpayer believes that the method of allocation and apportionment prescribed in subsections 1A and 2, as administered by the director and applied to the taxpayer's business, has operated or will so operate as to subject the taxpayer to taxation on a greater portion of the taxpayer's net income than is reasonably attributable to business or sources within the state, the taxpayer shall be entitled to file with the director a statement of the taxpayer's objections and of such alternative method of allocation and apportionment as the taxpayer believes to be proper under the circumstances with such detail and proof and within such time as the director may reasonably prescribe; and if the director shall conclude that the method of allocation and apportionment theretofore employed is in fact inapplicable and inequitable, the director shall redetermine the taxable income by such other method of allocation and apportionment as seems best calculated to assign to the state for taxation the portion of the income reasonably attributable to business and sources within the state, not exceeding, however, the amount which would be arrived at by application of the statutory rules for apportionment.

4. Reserved.

5. *a.* The taxes imposed under this subchapter shall be reduced by a state tax credit for increasing research activities in this state equal to the sum of the following:

(1) Six and one-half percent of the excess of qualified research expenses during the tax year over the base amount for the tax year based upon the state's apportioned share of the qualifying expenditures for increasing research activities.

(2) Six and one-half percent of the basic research payments determined under section 41(e)(1)(A) of the Internal Revenue Code during the tax year based upon the state's apportioned share of the qualifying expenditures for increasing research activities.

b. (1) The state's apportioned share of the qualifying expenditures for increasing research activities is a percent equal to the ratio of qualified research expenditures in this state to the total qualified research expenditures.

(2) For the purpose of calculating the state's apportioned share of the qualifying expenditures for increasing research activities in subparagraph (1), the following criteria shall apply only to the determination of qualified research expenditures in this state:

(a) Wages paid to an employee for qualified services, or contract research expenses paid to a third party for the performance of qualified research services, shall only constitute qualified research expenses in this state if the services are performed in this state, and if the following conditions are met, as applicable:

(i) For qualified services performed by employees, during the period of the tax year that the business is engaging in one or more research projects, a majority of the total services performed by the employee for the business are directly related to those research projects.

(ii) For the performance of qualified research services by a third party, during the period of the business's tax year that the third party is performing research services for the business, a majority of the total services performed by the person for the third party are directly related to those research projects of the business.

(b) The substantially all rule for determining qualified services as described in section 41(b)(2)(B) of the Internal Revenue Code and Treas. Reg. 1.41-2(d)(2) does not apply.

(c) Amounts paid for the right to use computers as described in section 41(b)(2)(A)(iii) of the Internal Revenue Code shall not be qualified research expenses in this state.

(d) For tax years beginning on or after January 1, 2023, but before January 1, 2027, amounts paid for supplies as defined in section 41(b)(2)(C) of the Internal Revenue Code shall only constitute qualified research expenses in this state if the supplies directly relate to research performed in this state and shall be limited to the following allowable percentages:

(i) For the tax year beginning on or after January 1, 2023, but before January 1, 2024, eighty percent of the amounts paid for supplies directly related to research performed in this state.

(ii) For the tax year beginning on or after January 1, 2024, but before January 1, 2025, sixty percent of the amounts paid for supplies directly related to research performed in this state.

(iii) For the tax year beginning on or after January 1, 2025, but before January 1, 2026, forty percent of the amounts paid for supplies directly related to research performed in this state.

(iv) For the tax year beginning on or after January 1, 2026, but before January 1, 2027, twenty percent of the amounts paid for supplies directly related to research performed in this state.

(e) For tax years beginning on or after January 1, 2027, amounts paid for supplies as defined in section 41(b)(2)(C) of the Internal Revenue Code shall not be qualified research expenses in this state.

c. In lieu of the credit amount computed in paragraph "*a*", subparagraph (1), a corporation shall elect to compute the credit amount for qualified research expenses incurred in this state in a manner consistent with the alternative simplified credit described in section 41(c)(4) of the Internal Revenue Code if the taxpayer elected or was required to use the alternative simplified credit method for federal income tax purposes for the same taxable year.

d. For purposes of the alternate credit computation method in paragraph "*c*", the following criteria shall apply:

(1) The credit percentages applicable to qualified research expenses described in section

41(c)(4)(A) and clause (ii) of section 41(c)(4)(B) of the Internal Revenue Code are four and fifty-five hundredths percent and one and ninety-five hundredths percent, respectively.

(2) Basic research payments and qualified research expenses shall only include amounts for research conducted in this state. A taxpayer's qualified research expenses in this state and average prior year qualified research expenses in this state shall be determined in accordance with the rules in paragraph *"b"*, subparagraph (2).

e. A corporation shall only be eligible for the credit provided in this subsection if the business conducting the research meets all of the following requirements:

(1) (a) The business is engaged in the manufacturing, life sciences, agriscience, software engineering, or aviation and aerospace industry.

(b) Persons that shall not be considered to be engaged in the manufacturing, life sciences, agriscience, software engineering, or aviation and aerospace industry, and thus are not eligible for the credit, include but are not limited to all of the following:

(i) A person engaged in agricultural production as defined in section 423.1.

(ii) A person who is a contractor, subcontractor, builder, or a contractor-retailer that engages in commercial and residential repair and installation, including but not limited to heating or cooling installation and repair, plumbing and pipe fitting, security system installation, and electrical installation and repair. For purposes of this subparagraph subdivision, *"contractor-retailer"* means a business that makes frequent retail sales to the public or to other contractors and that also engages in the performance of construction contracts.

(iii) A finance or investment company.

(iv) A retailer.

(v) A wholesaler.

(vi) A transportation company.

(vii) A publisher.

(viii) An agricultural cooperative association as defined in section 502.102.

(ix) A real estate company.

(x) A collection agency.

(xi) An accountant.

(xii) An architect.

(2) The business claims and is allowed a research credit for such qualified research expenses under section 41 of the Internal Revenue Code for the same taxable year as it is claiming the credit provided in this subsection.

(3) The credit provided in this subsection is claimed on a return filed by the due date for filing the return, including extensions of time. If timely claimed, the business shall not increase the credit claim on an amended return or otherwise unless either of the following apply:

(a) The amended return is filed within six months of the due date for filing the return which includes extensions of time.

(b) The increase results from an audit or examination by the internal revenue service or the department.

f. (1) For purposes of this subsection, *"base amount"* means the product of the fixed-based percentage times the average annual gross receipts of the taxpayer for the four taxable years preceding the taxable year for which the credit is being determined, but in no event shall the base amount be less than fifty percent of the qualified research expenses for the credit year.

(2) For purposes of this subsection, *"basic research payment"* and *"qualified research expense"* mean the same as defined for the federal credit for increasing research activities under section 41 of the Internal Revenue Code, except as otherwise described in paragraph *"b"*, subparagraph (2), and paragraph *"d"*, subparagraph (2).

g. (1) (a) The following percentage of the credit in excess of the tax liability for the taxable year shall be refunded with interest in accordance with section 421.60, subsection 2, paragraph *"e"*:

(i) For the tax year beginning on or after January 1, 2023, but before January 1, 2024, ninety percent.

(ii) For the tax year beginning on or after January 1, 2024, but before January 1, 2025, eighty percent.

(iii) For the tax year beginning on or after January 1, 2025, but before January 1, 2026, seventy percent.

(iv) For the tax year beginning on or after January 1, 2026, but before January 1, 2027, sixty percent.

(b) In lieu of claiming a refund pursuant to this subparagraph, a taxpayer may elect to have the overpayment otherwise eligible for a refund shown on its final, completed return credited to the tax liability for the following taxable year.

(2) Commencing with tax years beginning on or after January 1, 2027, fifty percent of any credit in excess of the tax liability for the taxable year shall be refunded with interest in accordance with section 421.60, subsection 2, paragraph *"e"*. In lieu of claiming a refund, a taxpayer may elect to have the overpayment otherwise eligible for a refund shown on its final, completed return credited to the tax liability for the following taxable year.

(3) In applying the credit in this subsection against tax liability and computing the eligible refund amount, the credit shall be applied after all nonrefundable credits available to the taxpayer are applied, but before any other refundable credit available to the taxpayer is applied.

h. A corporation which is an eligible business may claim an additional research activities credit authorized pursuant to section 15.335.

i. The department shall by February 15 of each year issue an annual report to the general assembly containing the total amount of all claims made by employers under this subsection and the portion of the claims issued as refunds, for all claims processed during the previous calendar year. The report shall contain the name of each claimant for whom a tax credit in excess of five hundred thousand dollars was issued and the amount of the credit received.

6. *a.* The taxes imposed under this subchapter shall be reduced by a new jobs tax credit. An industry which has entered into an agreement under chapter 260E and which has increased its base employment level by at least ten percent within the time set in the agreement or, in the case of an industry without a base employment level, adds new jobs within the time set in the agreement is entitled to this new jobs tax credit for the tax year selected by the industry. In determining if the industry has increased its base employment level by ten percent or added new jobs, only those new jobs directly resulting from the project covered by the agreement and those directly related to those new jobs shall be counted.

b. The amount of this credit is equal to the product of six percent of the taxable wages, as defined in section 96.1A, subsection 36, upon which an employer is required to contribute to the state unemployment compensation fund, times the number of new jobs existing in the tax year that directly result from the project covered by the agreement or new jobs that directly result from those new jobs. The tax year chosen by the industry shall either begin or end during the period beginning with the date of the agreement and ending with the date by which the project is to be completed under the agreement. Any credit in excess of the tax liability for the tax year may be credited to the tax liability for the following ten tax years or until depleted in less than the ten years.

c. For purposes of this section, *"agreement"*, *"industry"*, *"new job"*, and *"project"* mean the same as defined in section 260E.2 and *"base employment level"* means the number of full-time jobs an industry employs at the plant site which is covered by an agreement under chapter 260E on the date of that agreement.

7. Reserved.

8. The taxes imposed under this subchapter shall be reduced by a franchise tax credit. A taxpayer who is a shareholder in a financial institution, as defined in section 581 of the Internal Revenue Code, which has in effect for the tax year an election under subchapter S of the Internal Revenue Code shall compute the amount of the tax credit by recomputing the amount of tax under this subchapter by reducing the taxable income of the taxpayer by the taxpayer's pro rata share of the items of income and expense of the financial institution. This recomputed tax shall be subtracted from the tax computed under this subchapter and the resulting amount, which shall not exceed the taxpayer's pro rata share of franchise tax paid by the financial institution, is the amount of the franchise tax credit allowed.

9. *a.* (1) The taxes imposed under this subchapter shall be reduced by an assistive device tax credit. A small business purchasing, renting, or modifying an assistive device or making workplace modifications for an individual with a disability who is employed or will be employed by the small business is eligible, subject to availability of credits, to receive this assistive device tax credit which is equal to fifty percent of the first five thousand dollars paid during the tax year for the purchase, rental, or modification of the assistive device or for making the workplace modifications. The following percentage of any credit in excess of the tax liability shall be refunded with interest in accordance with section 421.60, subsection 2, paragraph *"e"*, as follows:

(a) For the tax year beginning on or after January 1, 2023, but before January 1, 2024, ninety-five percent.

(b) For the tax year beginning on or after January 1, 2024, but before January 1, 2025, ninety percent.

(c) For the tax year beginning on or after January 1, 2025, but before January 1, 2026, eighty-five percent.

(d) For the tax year beginning on or after January 1, 2026, but before January 1, 2027, eighty percent.

(e) For tax years beginning on or after January 1, 2027, seventy-five percent.

(2) In lieu of claiming a refund, a taxpayer may elect to have the overpayment otherwise eligible for a refund shown on the taxpayer's final, completed return credited to the tax liability for the following tax year. If the small business elects to take the assistive device tax credit, the small business shall not deduct for Iowa tax purposes any amount of the cost of an assistive device or workplace modifications which is deductible for federal income tax purposes.

b. To receive the assistive device tax credit, the eligible small business must submit an application to the economic development authority. If the taxpayer meets the criteria for eligibility, the economic development authority shall issue to the taxpayer a certification of entitlement for the assistive device tax credit. However, the combined amount of tax credits that may be approved for a fiscal year under this subsection shall not exceed five hundred thousand dollars. Tax credit certificates shall be issued on an earliest filed basis. The certification shall contain the taxpayer's name, address, tax identification number, the amount of the credit, and tax year for which the certificate applies. The taxpayer must file the tax credit certificate with the taxpayer's corporate income tax return in order to claim the tax credit. The economic development authority and department of revenue shall each adopt rules to jointly administer this subsection and shall provide by rule for the method to be used to determine for which fiscal year the tax credits are approved.

c. For purposes of this subsection:

(1) *"Assistive device"* means any item, piece of equipment, or product system which is used to increase, maintain, or improve the functional capabilities of an individual with a disability in the workplace or on the job. *"Assistive device"* does not mean any medical device, surgical device, or organ implanted or transplanted into or attached directly to an individual. *"Assistive device"* does not include any device for which a certificate of title is issued by the state department of transportation, but does include any item, piece of equipment, or product system otherwise meeting the definition of *"assistive device"* that is incorporated, attached, or included as a modification in or to such a device issued a certificate of title.

(2) *"Disability"* means the same as defined in section 15.102, except that it does not include alcoholism.

(3) *"Small business"* means a business that either had gross receipts for its preceding tax year of three million dollars or less or employed not more than fourteen full-time employees during its preceding tax year.

(4) *"Workplace modifications"* means physical alterations to the work environment.

10. The taxes imposed under this subchapter shall be reduced by a historic preservation tax credit allowed under chapter 404A.

11. Reserved.

11A. Reserved.

11B. The taxes imposed under this subchapter shall be reduced by an E-85 gasoline promotion tax credit for each tax year that the taxpayer is eligible to claim the tax credit under this subsection.

a. The taxpayer shall claim the tax credit in the same manner as provided in section 422.11O. The taxpayer may claim the tax credit according to the same requirements, for the same amount, and calculated in the same manner, as provided for the E-85 gasoline promotion tax credit pursuant to section 422.11O.

b. Any E-85 gasoline promotion tax credit which is in excess of the taxpayer's tax liability shall be refunded or may be shown on the taxpayer's final, completed return credited to the tax liability for the following tax year in the same manner as provided in section 422.11O.

c. This subsection is repealed January 1, 2028.

11C. The taxes imposed under this subchapter shall be reduced by a biodiesel blended fuel tax credit for each tax year that the taxpayer is eligible to claim the tax credit under this subsection.

a. The taxpayer may claim the biodiesel blended fuel tax credit according to the same requirements, for the same amount, and calculated in the same manner, as provided for the biodiesel blended fuel tax credit pursuant to section 422.11P.

b. Any biodiesel blended fuel tax credit which is in excess of the taxpayer's tax liability shall be refunded or may be shown on the taxpayer's final, completed return credited to the tax liability for the following tax year in the same manner as provided in section 422.11P.

c. This subsection is repealed January 1, 2028.

11D. The taxes imposed under this subchapter shall be reduced by an E-15 plus gasoline promotion tax credit for each tax year that the taxpayer is eligible to claim the tax credit under this subsection.

a. The taxpayer shall claim the tax credit in the same manner as provided in section 422.11Y. The taxpayer may claim the tax credit according to the same requirements, for the same amount, and calculated in the same manner, as provided for the E-15 plus gasoline promotion tax credit pursuant to section 422.11Y.

b. Any E-15 plus gasoline promotion tax credit which is in excess of the taxpayer's tax liability shall be refunded or may be shown on the taxpayer's final, completed return credited to the tax liability for the following tax year in the same manner as provided in section 422.11Y.

c. This subsection is repealed January 1, 2026.

12. *a.* The taxes imposed under this subchapter shall be reduced by an investment tax credit authorized pursuant to section 15E.43 for an investment in a qualifying business.

b. The taxes imposed under this subchapter shall be reduced by investment tax credits authorized pursuant to section 15.333 and section 15E.193B, subsection 6, Code 2014.

13. The taxes imposed under this subchapter shall be reduced by an innovation fund investment tax credit allowed under section 15E.52.

14. The taxes imposed under this subchapter shall be reduced by an endow Iowa tax credit authorized pursuant to section 15E.305.

15. The taxes imposed under this subchapter shall be reduced by a workforce housing investment tax credit allowed under section 15.355, subsection 3.

16. The taxes imposed under this subchapter shall be reduced by tax credits for wind energy production allowed under chapter 476B and for renewable energy allowed under chapter 476C.

17. Reserved.

18. Reserved.

19. The taxes imposed under this subchapter shall be reduced by a third-party developer tax credit authorized pursuant to section 15.331C for certain sales taxes paid by a third-party developer.

20. The taxes imposed under this subchapter shall be reduced by a tax credit authorized pursuant to section 15E.66, if redeemed, for investments in the Iowa fund of funds.

21. The taxes imposed under this subchapter shall be reduced by a beginning farmer tax credit as allowed under chapter 16, subchapter VIII, part 5, subpart B.

22. The taxes imposed under this subchapter shall be reduced by a renewable chemical

production tax credit allowed under section 15.319. This subsection is repealed January 1, 2041.

23. Reserved.

24. Reserved.

25. *a.* The taxes imposed under this subchapter shall be reduced by a charitable conservation contribution tax credit equal to fifty percent of the fair market value of a qualified real property interest located in the state that is conveyed as an unconditional charitable donation in perpetuity by the taxpayer to a qualified organization exclusively for conservation purposes. The maximum amount of tax credit is one hundred thousand dollars. The amount of the contribution for which the tax credit is claimed shall not be deductible in determining taxable income for state tax purposes.

b. For purposes of this section, *"conservation purpose"*, *"qualified organization"*, and *"qualified real property interest"* mean the same as defined for the qualified conservation contribution under section 170(h) of the Internal Revenue Code, except that a conveyance of land for open space for the purpose of fulfilling density requirements to obtain subdivision or building permits shall not be considered a conveyance for a conservation purpose.

c. Any credit in excess of the tax liability is not refundable but the excess for the tax year may be credited to the tax liability for the following twenty tax years or until depleted, whichever is the earlier.

26. The taxes imposed under this subchapter shall be reduced by a redevelopment tax credit allowed under chapter 15, subchapter II, part 9.

27. Reserved.

28. The taxes imposed under this subchapter shall be reduced by a school tuition organization tax credit allowed under section 422.11S.

29. *a.* The taxes imposed under this subchapter shall be reduced by a solar energy system tax credit equal to sixty percent of the federal energy credit related to solar energy systems provided in section 48(a)(2)(A)(i)(II) and section 48(a)(2)(A)(i)(III) of the Internal Revenue Code, not to exceed twenty thousand dollars. For installations occurring on or after January 1, 2016, the applicable percentage of the federal energy credit related to solar energy systems shall be fifty percent.

b. The taxpayer may claim the credit pursuant to this subsection according to the same requirements, conditions, and limitations as provided pursuant to section 422.11L.

30. The taxes imposed under this subchapter shall be reduced by a from farm to food donation tax credit as allowed under chapter 190B.

31. The taxes imposed under this subchapter shall be reduced by a Hoover presidential library tax credit allowed under section 15E.364.

32. The taxes imposed under this subchapter shall be reduced by an employer child care tax credit allowed pursuant to section 237A.31.

[C35, §6943-f29; C39, §**6943.065;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §422.33; 81 Acts, ch 135, §1 – 3; 82 Acts, ch 1023, §12, 13, 30, 31, ch 1234, §1]

83 Acts, ch 179, §14, 15, 22, 25; 83 Acts, ch 207, §90, 93; 85 Acts, ch 32, §81; 85 Acts, ch 230, §7; 86 Acts, ch 1007, §28; 86 Acts, ch 1194, §1; 86 Acts, ch 1236, §8; 86 Acts, ch 1241, §22; 87 Acts, ch 22, §11; 87 Acts, 1st Ex, ch 1, §6, 7; 88 Acts, ch 1028, §33; 88 Acts, ch 1099, §1; 89 Acts, ch 251, §20 – 22; 89 Acts, ch 285, §5; 90 Acts, ch 1171, §5; 90 Acts, ch 1196, §2; 91 Acts, ch 215, §5; 92 Acts, ch 1200, §1, 4; 93 Acts, ch 113, §3; 94 Acts, ch 1165, §19; 94 Acts, ch 1166, §8, 11; 95 Acts, ch 83, §4, 35; 95 Acts, ch 152, §5, 7; 97 Acts, ch 135, §7, 9; 98 Acts, ch 1078, §7, 10; 99 Acts, ch 95, §8, 9, 12, 13; 99 Acts, ch 151, §10, 11, 89; 2000 Acts, ch 1146, §8, 9, 11; 2000 Acts, ch 1194, §12 – 14, 21; 2001 Acts, ch 123, §3, 6; 2001 Acts, ch 127, §8 – 10; 2002 Acts, ch 1006, §8, 13; 2002 Acts, ch 1069, §9, 10, 14; 2002 Acts, ch 1156, §3, 8; 2003 Acts, ch 139, §9, 11, 12; 2003 Acts, ch 145, §286; 2003 Acts, 1st Ex, ch 1, §113, 133; 2003 Acts, 1st Ex, ch 2, §85, 89

[2003 Acts, 1st Ex, ch 1, §113, 133 amendment adding new subsection 15 stricken pursuant to *Rants v. Vilsack*, 684 N.W.2d 193]

2004 Acts, ch 1073, §18; 2004 Acts, ch 1175, §405, 418; 2005 Acts, ch 24, §8, 10, 11; 2005 Acts, ch 146, §2, 3; 2005 Acts, ch 150, §14, 62, 69; 2005 Acts, ch 160, §2, 14; 2006 Acts, ch 1136, §2; 2006 Acts, ch 1140, §7, 10, 11; 2006 Acts, ch 1142, §42 – 49; 2006 Acts, ch 1158, §29 – 33; 2006 Acts, ch 1159, §26; 2006 Acts, ch 1161, §4, 7; 2006 Acts, ch 1175, §16, 17, 23; 2007

Acts, ch 12, §6 – 8; 2007 Acts, ch 162, §7, 13; 2007 Acts, ch 165, §5, 9; 2008 Acts, ch 1004, §2, 7; 2008 Acts, ch 1011, §7, 9; 2008 Acts, ch 1169, §33 – 35; 2008 Acts, ch 1173, §9; 2008 Acts, ch 1191, §63, 107, 137, 163, 168; 2009 Acts, ch 41, §125; 2009 Acts, ch 100, §34, 35; 2009 Acts, ch 177, §44; 2009 Acts, ch 179, §133, 153, 234; 2010 Acts, ch 1061, §84, 182; 2010 Acts, ch 1138, §12, 16, 22, 26; 2011 Acts, ch 34, §98; 2011 Acts, ch 41, §13, 14, 16; 2011 Acts, ch 113, §19, 22, 23, 29, 33, 34, 36, 39, 40; 2011 Acts, ch 118, §85, 89; 2011 Acts, ch 130, §42, 47; 2012 Acts, ch 1007, §6 – 8; 2012 Acts, ch 1110, §10, 11; 2012 Acts, ch 1121, §8, 10, 11; 2012 Acts, ch 1136, §34, 39 – 41; 2013 Acts, ch 1, §6 – 8; 2013 Acts, ch 30, §89; 2013 Acts, ch 125, §21, 23, 24; 2013 Acts, ch 140, §146, 147; 2014 Acts, ch 1026, §87; 2014 Acts, ch 1076, §5 – 7; 2014 Acts, ch 1080, §87, 88, 98, 119, 125; 2014 Acts, ch 1092, §90; 2014 Acts, ch 1118, §9, 12; 2014 Acts, ch 1130, §20, 24 – 26, 38; 2014 Acts, ch 1141, §21, 76, 79, 80; 2015 Acts, ch 1, §6 – 8; 2015 Acts, ch 30, §118; 2015 Acts, ch 86, §1 – 3; 2015 Acts, ch 124, §3, 9; 2015 Acts, ch 138, §121, 126, 127; 2016 Acts, ch 1065, §13, 15, 16; 2016 Acts, ch 1095, §6, 14, 15; 2016 Acts, ch 1106, §2, 5, 9; 2017 Acts, ch 29, §121, 166; 2017 Acts, ch 157, §9, 10, 12, 14; 2018 Acts, ch 1161, §8, 9, 15, 16, 37 – 39, 43, 45, 88 – 93, 97, 98; 2019 Acts, ch 59, §123; 2019 Acts, ch 152, §59, 60; 2019 Acts, ch 161, §14, 18, 19; 2020 Acts, ch 1062, §93, 94; 2020 Acts, ch 1063, §224; 2020 Acts, ch 1118, §58 – 60, 99; 2021 Acts, ch 76, §74; 2021 Acts, ch 86, §4, 6, 7; 2021 Acts, ch 176, §3; 2022 Acts, ch 1002, §38 – 44, 52, 54 – 56; 2022 Acts, ch 1067, §46, 51, 53, 56, 58; 2022 Acts, ch 1148, §24, 28; 2023 Acts, ch 116, §16

Referred to in §2.48, 15.119, 15.335, 16.82, 29C.24, 421.27, 422.8, 422.16B, 422.21, 422.25A, 422.34A, 422.36, 422.37, 422.85, 441.21, 476C.2

For future amendment to subsection 1, effective on the first January 1 after each rate of taxation on the net income received by a corporation is equalized to equal five and one-half percent pursuant to section 422.33, subsection 1, paragraph b, see 2022 Acts, ch 1002, §57 – 59

For applicable definition of Internal Revenue Code for a tax year prior to 2019, refer to Iowa Acts and Code for that year

For provisions relating to requirements for claiming an ethanol promotion tax credit under former subsection 11A in calendar year 2020 for a retail dealer whose tax year ends prior to December 31, 2020, see 2006 Acts, ch 1142, §49; 2006 Acts, ch 1175, §17; 2011 Acts, ch 113, §11, 13, 14

For provisions relating to requirements for claiming an E-85 gasoline promotion tax credit under subsection 11B in calendar year 2027 for a retail dealer whose tax year ends prior to December 31, 2027, see 2006 Acts, ch 1142, §49; 2011 Acts, ch 113, §20, 22, 23; 2016 Acts, ch 1106, §6; 2022 Acts, ch 1067, §47

For provisions relating to requirements for claiming a biodiesel blended fuel tax credit under subsection 11C in calendar year 2027 for a retail dealer whose tax year ends prior to December 31, 2027, see 2006 Acts, ch 1142, §49; 2011 Acts, ch 113, §31, 33, 34; 2016 Acts, ch 1106, §10; 2022 Acts, ch 1067, §52

For provisions relating to requirements for claiming an E-15 plus gasoline promotion tax credit under subsection 11D in calendar year 2025 for a retail dealer whose tax year ends prior to December 31, 2025, see 2011 Acts, ch 113, §37, 39, 40; 2016 Acts, ch 1106, §3; 2022 Acts, ch 1067, §57

2019 amendment to subsection 21 applies retroactively to January 1, 2019, for tax years beginning on or after that date; for provisions relating to tax credit applications under prior law, approved prior to May 21, 2019, and the carryforward period for those tax credits; see 2019 Acts, ch 161, §16, 17, 19

Subsection 4 stricken pursuant to its own terms effective January 1, 2021, for tax years beginning on or after that date

2020 amendment to subsection 5, paragraphs c and d applies retroactively to January 1, 2019, for tax years beginning on or after that date; 2020 Acts, ch 1118, §60

2021 amendment to subsection 19 applies retroactively to January 1, 2020, for tax years beginning on or after that date; 2021 Acts, ch 86, §7

Subsection 7 stricken pursuant to its own terms effective January 1, 2022, for tax years beginning on or after that date

2022 amendments to subsection 5, paragraphs b – d take effect January 1, 2023, and apply to tax years beginning on or after January 1, 2023; 2022 Acts, ch 1002, §43, 44

Subsection 5, paragraph e, subparagraph (3) takes effect January 1, 2023, and applies to tax years beginning on or after January 1, 2023; 2022 Acts, ch 1002, §43, 44

2022 amendment to subsection 5, paragraph f, subparagraph (2) takes effect January 1, 2023, and applies to tax years beginning on or after January 1, 2023; 2022 Acts, ch 1002, §43, 44

2022 amendment to subsection 5, paragraph g takes effect January 1, 2023, and applies to tax years beginning on or after January 1, 2023; 2022 Acts, ch 1002, §43, 44

2022 amendment to subsection 9, paragraph a takes effect January 1, 2023, and applies to tax years beginning on or after January 1, 2023; 2022 Acts, ch 1002, §54, 55

2022 amendment to subsection 11C, paragraph c effective January 1, 2023; 2022 Acts, ch 1067, §53

2022 amendment to subsection 11D, paragraph c effective January 1, 2023; 2022 Acts, ch 1067, §58

Subsection 32 applies to tax years beginning on or after January 1, 2023; 2022 Acts, ch 1148, §28

For preservation of existing rights relating to certain tax credits awarded, issued, or allowed prior to January 1, 2023, see 2022 Acts, ch 1002, §53

Subsection 22 amended