422.12A Adoption tax credit.

1. For purposes of this section, unless the context otherwise requires:

a. "Adoption" means the permanent placement in this state of a child by the department of health and human services, by an adoption service provider as defined in section 600A.2, or by an agency that meets the provisions of the interstate compact in section 232.158.

b. "Child" means an individual who is under the age of eighteen years.

c. "Qualified adoption expenses" means unreimbursed expenses paid or incurred in connection with the adoption of a child, including medical and hospital expenses of the biological mother which are incident to the child's birth, welfare agency fees, legal fees, and all other fees and costs which relate to the adoption of a child. *"Qualified adoption expenses"* does not include expenses paid or incurred in violation of state or federal law.

2. The taxes imposed under this subchapter, less the credits allowed under section 422.12, shall be reduced by an adoption tax credit equal to the amount of qualified adoption expenses paid or incurred by the taxpayer in connection with the adoption of a child by the taxpayer, not to exceed five thousand dollars per adoption.

3. Any 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.

4. The credit under this section with respect to any qualified adoption expense shall be allowed during a tax year as follows:

a. For any qualified adoption expense paid or incurred prior to or during the tax year in which the adoption becomes final, the tax year in which the adoption becomes final.

b. For any qualified adoption expense paid or incurred after the tax year in which the adoption becomes final, the tax year in which an adoption expense is paid or incurred.

5. The department of revenue and the department of health and human services shall each adopt rules to jointly administer this section.

2014 Acts, ch 1113, §1, 3; 2016 Acts, ch 1128, §5, 17, 26; 2017 Acts, ch 113, §2; 2019 Acts, ch 152, §61 – 63; 2020 Acts, ch 1062, §94; 2023 Acts, ch 19, §1119, 1120

Referred to in §422.16