

**422.7 “Net income” — how computed.**

The term “*net income*” means the taxable income as properly computed for federal income tax purposes under section 63 of the Internal Revenue Code, with the following adjustments:

1. Subtract interest and dividends from federal securities.
2. Add interest and dividends from foreign securities and from securities of state and other political subdivisions 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:
  - a. Vision Iowa program bonds pursuant to [section 12.71, subsection 8, Code 2020](#).
  - b. School infrastructure program bonds pursuant to [section 12.81, subsection 8](#).
  - c. Iowa jobs program revenue bonds pursuant to [section 12.87, subsection 8](#).
  - d. Iowa utility board and Iowa consumer advocate building project bonds pursuant to [section 12.91, subsection 9](#).
  - e. Iowa finance authority beginning farmer loan program bonds pursuant to [section 16.64, subsection 2](#).
  - f. Water pollution control works and drinking facilities financing program bonds pursuant to [section 16.131, subsection 5](#).
  - g. Iowa prison infrastructure revenue bonds pursuant to [section 12.80, subsection 3](#), and [section 16.177, subsection 8](#).
  - h. Quad cities interstate metropolitan authority bonds pursuant to [section 28A.24](#).
  - i. Iowa finance authority 911 program bonds pursuant to [section 34A.20, subsection 6](#).
  - j. Soil and water conservation subdistrict bonds pursuant to [section 161A.22](#).
  - k. Community college residence hall and dormitory bonds pursuant to [section 260C.61](#).
  - l. Community college bond program bonds pursuant to [section 260C.71, subsection 6](#).
  - m. Higher education loan authority bonds pursuant to [section 261A.27](#).
  - n. State board of regents bonds pursuant to [sections 262.41, 262.51, 262.60, 262A.8, and 263A.6](#).
  - o. Interstate bridges bonds pursuant to [section 313A.36](#).
  - p. Aviation authority bonds pursuant to [section 330A.16](#).
  - q. County health center bonds pursuant to [section 331.441, subsection 2](#), paragraph “c”, subparagraph (7).
  - r. Rural water district bonds pursuant to [section 357A.15](#).
  - s. Urban renewal bonds pursuant to [section 403.9, subsection 2](#).
  - t. Municipal housing project bonds pursuant to [section 403A.12](#).
  - u. Comprehensive petroleum underground storage tank fund bonds pursuant to [section 455G.6, subsection 14](#).
3. Add any federal net operating loss deduction carried over from a taxable year beginning prior to January 1, 2023.
4. Individual taxpayers and married taxpayers who file a joint return or separate returns for Iowa income tax purposes may avail themselves of the disability income exclusion and shall compute the amount of the disability income exclusion subject to the limitations for joint federal income tax return filers provided by section 105(d) of the Internal Revenue Code. The disability income exclusion provided in section 105(d) of the Internal Revenue Code, as amended up to and including December 31, 1982, continues to apply for state income tax purposes for tax years beginning on or after January 1, 1984.
  5. a. For tax years beginning in the 2023 calendar year, subtract the amount of federal income taxes paid during the tax year to the extent payment is for a tax year beginning prior to January 1, 2023, and add any federal income tax refunds received during the tax year to the extent the federal income tax was deducted for a tax year beginning prior to January 1, 2023. Federal income taxes paid for a tax year in which an Iowa return was not required to be filed shall not be subtracted.
  - b. Notwithstanding any other provision of law to the contrary, amounts subtracted or added pursuant to [this subsection](#) shall not be included in the calculation of net income for purposes of [section 422.5, subsection 2 or 3](#), or [section 422.13](#).
  6. a. If the adjusted gross income includes income or loss from a small business operated

by the taxpayer, an additional deduction shall be allowed in computing the income or loss from the small business if the small business hired for employment in the state during its annual accounting period ending with or during the taxpayer's tax year any of the following:

(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 compact for adult offender supervision under [chapter 907B](#) applies.

b. (1) The amount of the additional deduction is equal to sixty-five percent of the wages paid to individuals, but shall not exceed twenty thousand dollars per individual, named in paragraph "a", subparagraphs (1), (2), and (3) who were hired for the first time by that business during the annual accounting period for work done in the state. This additional deduction is allowed for the wages paid to those individuals successfully completing a probationary period during the twelve months following the date of first employment by the business and shall be deducted at the close of the annual accounting period.

(2) The additional deduction shall not be allowed for wages paid to an individual who was hired to replace an individual whose employment was terminated within the twelve-month period preceding the date of first employment. However, if the individual being replaced left employment voluntarily without good cause attributable to the employer or if the individual was discharged for misconduct in connection with the individual's employment as determined by the department of workforce development, the additional deduction shall be allowed.

(3) A taxpayer who is a partner of a partnership or a shareholder of a subchapter S corporation, may deduct that portion of wages qualified under [this subsection](#) paid by the partnership or subchapter S corporation based on the taxpayer's pro rata share of the profits or losses from the partnership or subchapter S corporation.

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 twenty or fewer full-time equivalent positions and 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.

7. *a.* If the adjusted gross income includes income or loss from a business operated by the taxpayer, and if the business does not qualify for the adjustment under [subsection 6](#), an additional deduction shall be allowed in computing the income or loss from the business if the business hired for employment in the state during its annual accounting period ending with or during the taxpayer's tax year either of the following:

(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 compact for adult offender supervision under [chapter 907B](#) applies.

*b.* The amount of the additional deduction is equal to sixty-five percent of the wages paid to individuals, but shall not exceed twenty thousand dollars per individual, named in paragraph "a", subparagraphs (1) and (2) who were hired for the first time by that business during the annual accounting period for work done in the state. This additional deduction is allowed for the wages paid to those individuals successfully completing a probationary period during the twelve months following the date of first employment by the business and shall be deducted at the close of the annual accounting period.

*c.* The additional deduction shall not be allowed for wages paid to an individual who was hired to replace an individual whose employment was terminated within the twelve-month period preceding the date of first employment. However, if the individual being replaced left employment voluntarily without good cause attributable to the employer or if the individual was discharged for misconduct in connection with the individual's employment as determined by the department of workforce development, the additional deduction shall be allowed.

*d.* A taxpayer who is a partner of a partnership or a shareholder of a subchapter S corporation, may deduct that portion of wages qualified under [this subsection](#) paid by the partnership or subchapter S corporation based on the taxpayer's pro rata share of the profits or losses from the partnership or subchapter S corporation.

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

8. Subtract, to the extent included, the amount of social security benefits taxable under section 86 of the Internal Revenue Code.

9. Add interest and dividends from regulated investment companies exempt from federal income tax under the Internal Revenue Code and 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.

10. *a.* Subtract, to the extent included, the amount of a federal, state, or local grant provided to a communications service provider, if the grant is used to install broadband infrastructure that facilitates broadband service in targeted service areas at or above the download and upload speeds.

*b.* As used in [this subsection](#), "broadband infrastructure", "communications service provider", and "targeted service area" mean the same as defined in [section 8B.1](#), respectively.

11. Add, to the extent deducted for federal tax purposes, charitable contributions 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 the taxpayer or any other single beneficiary designated by the taxpayer.

12. *a.* Subtract, to the extent included, income resulting from the payment by an employer

of the taxpayer, whether paid to the taxpayer or to a lender, of principal or interest on any qualified education loan incurred by the taxpayer.

b. If the taxpayer has a deduction in computing federal taxable income under section 221 of the Internal Revenue Code for interest on a qualified education loan, the taxpayer shall recompute for purposes of [this subsection](#) the amount of the deduction under paragraph “a” by not subtracting any amount of income resulting from the employer’s payment of interest on a qualified education loan that was also deducted by the taxpayer under section 221 of the Internal Revenue Code.

c. For purposes of [this subsection](#), “*qualified education loan*” means the same as defined in section 221 of the Internal Revenue Code.

13. a. For purposes of [this subsection](#):

(1) “*Farming business*” means the production, care, growing, harvesting, preservation, handling, or storage of crops or forest or fruit trees; the production, care, feeding, management, and housing of livestock; or horticulture, all for intended profit.

(2) “*Held*” shall be determined with reference to the holding period provisions of section 1223 of the Internal Revenue Code and the federal regulations pursuant thereto.

(3) “*Livestock*” means the same as defined in [section 717.1](#).

(4) “*Materially participated*” means the same as “*material participation*” in section 469(h) of the Internal Revenue Code, except that section 469(h)(3) of the Internal Revenue Code shall not apply.

(5) (a) “*Real property used in a farming business*” means all tracts of land and the improvements and structures located on such tracts which are in good faith used primarily for a farming business. Buildings which are primarily used or intended for human habitation are deemed to be used in a farming business when the building is located on or adjacent to the parcel used in the farming business. Land and the nonresidential improvements and structures located on such land that shall be considered to be used primarily in a farming business include but are not limited to land, improvements, or structures used for the storage or maintenance of farm machinery or equipment, for the drying, storage, handling, or preservation of agricultural crops, or for the storage of farm inputs, feed, or manure. Real property used in a farming business shall also include woodland, wasteland, pastureland, and idled land used for the conservation of natural resources including soil and water.

(b) Real property classified as agricultural property for Iowa property tax purposes, except real property described in [section 441.21, subsection 12](#), paragraph “a” or “b”, shall be presumed to be real property used in a farming business. However, this presumption is rebuttable if the department shows by a preponderance of evidence that the real property did not meet the requirements of subparagraph division (a).

(6) “*Relative*” means a person that satisfies one or more of the following conditions:

(a) The individual is related to the taxpayer by consanguinity or affinity within the second degree as determined by common law.

(b) The individual is a lineal descendent of the taxpayer. For purposes of this subparagraph division, “*lineal descendent*” means children of the taxpayer, including legally adopted children and biological children, stepchildren, grandchildren, great-grandchildren, and any other lineal descendent of the taxpayer.

(c) An entity in which an individual who satisfies the conditions of either subparagraph division (a) or (b) has a legal or equitable interest as an owner, member, partner, or beneficiary.

(7) “*Retired farmer*” means an individual who is disabled or who is fifty-five years of age or older and who no longer materially participates in a farming business when an exclusion and deduction is claimed under [this subsection](#).

b. Subtract the net capital gain from the sale of real property used in a farming business if one of the following conditions are satisfied:

(1) The taxpayer has materially participated in a farming business for a minimum of ten years and has held the real property used in a farming business for a minimum of ten years. If the taxpayer is a retired farmer, the taxpayer is considered to meet the material participation requirement if the taxpayer materially participated in a farming business for ten years or more in the aggregate, prior to making an election under [this subsection](#).

(2) The taxpayer has held the real property used in a farming business which is sold to a relative of the taxpayer.

c. For a taxpayer who is a retired farmer, subtract the net capital gain from the sale of cattle or horses held by the taxpayer for breeding, draft, dairy, or sporting purposes for a period of twenty-four months or more from the date of acquisition; but only if the taxpayer materially participated in the farming business for five of the eight years preceding the farmer's retirement or disability and who has sold all or substantially all of the taxpayer's interest in the farming business by the time the election under this paragraph is made.

d. For a taxpayer who is a retired farmer, subtract the net capital gain from the sale of breeding livestock, other than cattle and horses, if the livestock is held by the taxpayer for a period of twelve months or more from the date of acquisition; but only if the taxpayer materially participated in the farming business for five of the eight years preceding the farmer's retirement or disability and has sold all or substantially all of the taxpayer's interest in the farming business by the time the election under this paragraph is made.

e. A taxpayer who is a retired farmer may make, subject to the limitations described in paragraphs "f" and "g", a single, lifetime election to exclude all qualifying capital gains under paragraphs "b", "c", and "d".

f. A taxpayer who is a retired farmer who elects to exclude capital gains under paragraph "b", "c", or "d" shall not claim the beginning farmer tax credit under [section 422.11E](#) or the exclusion for net income received pursuant to a farm tenancy agreement in [subsection 14](#), in the tax year in which this election is made or in any subsequent year.

g. A taxpayer who is a retired farmer who claims the beginning farmer tax credit under [section 422.11E](#) shall not, in the same year, make an election under [this subsection](#). A taxpayer who is a retired farmer and who elects to exclude the net income received from a farm tenancy agreement under [subsection 14](#), shall not, in the same tax year or in any subsequent tax year, make the election under [this subsection](#).

h. Married individuals who file separate state income tax returns shall allocate their combined annual net capital gain exclusion under paragraphs "b", "c", and "d" to each spouse in the proportion that each spouse's respective net capital gain bears to the total net capital gain.

i. The department shall establish criteria, by rule, relating to whether and how a surviving spouse may claim the income exclusion for which a deceased retired farmer would have been eligible under [this subsection](#).

14. a. Subtract, to the extent included, net income received by an eligible individual pursuant to a farm tenancy agreement covering real property held by the eligible individual for ten or more years, if the eligible individual materially participated in a farming business for ten or more years.

b. An individual who elects to exclude income received pursuant to a farm tenancy agreement under [this subsection](#) shall not claim any of the following in the tax year in which the election is made or in any succeeding year:

(1) The capital gain exclusion under [subsection 13](#).

(2) The beginning farmer tax credit under [section 422.11E](#).

c. Married individuals who file separate state income tax returns shall allocate their combined annual exclusion limit to each spouse in the proportion that each spouse's respective net income from a farm tenancy agreement bears to the total net income from a farm tenancy agreement.

d. The department shall establish criteria, by rule, relating to whether and how a surviving spouse may claim the income exclusion for which a deceased eligible individual would have been eligible under [this subsection](#).

e. Net income from a farm tenancy agreement earned, received, or reported by an entity taxed as a partnership for federal tax purposes, an S corporation, or a trust or estate is not eligible for the election and deduction in [this subsection](#), even if such net income ultimately passes through to an eligible individual.

f. For purposes of [this subsection](#):

(1) "Eligible individual" means an individual who is disabled or who is fifty-five years of age or older at the time the election is made, who no longer materially participates in a

farming business at the time the election is made, and who, as an owner-lessor, is party to a farm tenancy agreement.

(2) “*Farm tenancy agreement*” means a written agreement outlining the rights and obligations of an owner-lessor and a tenant-lessee where the tenant-lessee has a farm tenancy as defined in [section 562.1A](#). A “*farm tenancy agreement*” includes cash leases, crop share leases, or livestock share leases.

(3) “*Farming business*” means the production, care, growing, harvesting, preservation, handling, or storage of crops or forest or fruit trees; the production, care, feeding, management, and housing of livestock; or horticulture, all intended for profit.

(4) “*Livestock*” means the same as defined in [section 717.1](#).

(5) “*Materially participated*” means the same as “*material participation*” in section 469(h) of the Internal Revenue Code, except that section 469(h)(3) of the Internal Revenue Code shall not apply.

15. Subtract, to the extent included, the amount of federal Segal AmeriCorps education award payments.

16. Subtract, to the extent included, payments received by an individual providing unskilled in-home health-related care services pursuant to [section 249.3, subsection 2, paragraph “a”, subparagraph \(2\)](#), to a member of the individual caregiver’s family. For purposes of [this subsection](#), a member of the individual caregiver’s family includes a spouse, parent, stepparent, child, stepchild, brother, stepbrother, sister, stepsister, lineal ancestor, or lineal descendant, and such persons by marriage or adoption. A health care professional licensed by an examination board designated in [section 147.13, subsections 1 through 10](#), is not eligible for the exemption authorized in [this subsection](#).

17. If the taxpayer is owner of an individual development account certified under [chapter 541A](#) at any time during the tax year, deductions of all of the following shall be allowed:

a. Contributions made to the account by persons and entities, other than the taxpayer, as authorized in [chapter 541A](#).

b. The amount of any state match payments authorized under [section 541A.3, subsection 1](#).

c. Earnings from the account.

18. a. For a taxpayer who is sixty-five years of age or older and whose net income is less than one hundred thousand dollars, subtract, to the extent not otherwise deducted in computing federal taxable income, the amounts paid by the taxpayer for the purchase of health benefits coverage or insurance for the taxpayer or taxpayer’s spouse or dependent.

b. For purposes of [this subsection](#), “*net income*” means net income as properly computed under [this section](#) without regard to the deduction in [this subsection](#) and with the following additional adjustments:

(1) Add back any amount of pensions or other retirement income received from any source which is not taxable under [this subchapter](#), including but not limited to amounts deductible under [subsections 8, 19, 20, and 21](#).

(2) Add back any amount of itemized or standard deduction, personal exemption deduction, or qualified business income deduction that was allowed as a deduction from federal adjusted gross income in computing federal taxable income under the Internal Revenue Code.

19. a. Subtract, to the extent included, the total amount received from a governmental or other pension or retirement plan, including defined benefit or defined contribution plans, annuities, individual retirement accounts, plans maintained or contributed to by an employer, or maintained or contributed to by a self-employed person as an employer, and deferred compensation plans or any earnings attributable to the deferred compensation plans received by a person who is disabled, or is fifty-five years of age or older, or is the surviving spouse of an individual or is a survivor having an insurable interest in an individual who would have qualified for the exemption under [this subsection](#) for the tax year.

b. Married taxpayers who file separate state income tax returns shall allocate their combined annual exclusion amount to each spouse in the proportion that each spouse’s respective income received from a pension or retirement plan bears to the total combined pension or retirement pay received.

c. A taxpayer who is not disabled or fifty-five years of age or older and who receives pension or retirement pay as a surviving spouse or as a survivor with an insurable interest in an individual who would have qualified for the exemption for the tax year may only exclude the amount received from a pension or retirement plan in the tax year as a result of the death of the decedent.

20. a. Subtract, to the extent included, retirement pay received by a taxpayer from the federal government for military service performed in the armed forces, the armed forces military reserve, or national guard.

b. The exclusion of retirement pay under [this subsection](#) is in addition to any exclusion provided under [subsection 19](#).

21. a. Subtract, to the extent included, amounts received as survivor benefits by a taxpayer from the federal government pursuant to 10 U.S.C. §1447, et seq.

b. The exclusion of survivor benefits under [this subsection](#) is in addition to any exclusion provided under [subsection 19](#).

22. a. Subtract the maximum contribution that may be deducted for Iowa income tax purposes as a participant in the Iowa educational savings plan trust pursuant to [section 12D.3, subsection 1](#). For purposes of this paragraph, a participant who makes a contribution on or before the date prescribed in [section 422.21](#) for making and filing an individual income tax return, excluding extensions, or the date for making and filing an individual income tax return determined by the director pursuant to an order issued under [section 421.17, subsection 30](#), may elect to be deemed to have made the contribution on the last day of the preceding calendar year. The director, after consultation with the treasurer of state, shall prescribe by rule the manner and method by which a participant may make an election authorized by the preceding sentence.

b. Add the amount resulting from the cancellation of a participation agreement refunded to the taxpayer as a participant in the Iowa educational savings plan trust to the extent previously deducted as a contribution to the trust.

c. (1) Add, to the extent previously deducted as a contribution to the trust, the amount resulting from a withdrawal or transfer made by the taxpayer from the Iowa educational savings plan trust for purposes other than any of the following:

(a) The payment of qualified higher education expenses.

(b) The payment of tuition to an elementary or secondary school if the tuition amounts are qualified education expenses.

(c) A change in beneficiaries under, or transfer to another account within, the Iowa educational savings plan trust, or a transfer to the Iowa ABLE savings plan trust, provided such change or transfer is permitted under [section 12D.6, subsection 5](#).

(d) The payment of expenses for fees, books, supplies, and equipment required for the participation of a beneficiary in an apprenticeship program.

(e) The payment of qualified education loan repayments.

(f) (i) A recontribution of a refund of any qualified higher education expenses from an eligible educational institution to the extent that such refund has been recontributed to the Iowa educational savings plan trust described in [chapter 12D](#) and meets all of the following criteria:

(A) The recontribution is made to the same account from which the original withdrawal was made.

(B) The recontribution occurs within sixty days of the date of refund.

(C) The recontribution amount does not exceed the amount refunded by the eligible educational institution.

(ii) A deduction under paragraph “a” shall not be taken for the amount of the recontribution.

(2) For purposes of this paragraph:

(a) “*Apprenticeship program*” means a program registered and certified with the United States secretary of labor under section 1 of the National Apprenticeship Act, 29 U.S.C. §50.

(b) “*Elementary or secondary school*” means all of the following:

(i) An elementary or secondary school in this state which is accredited under [section 256.11](#), and adheres to the provisions of the federal Civil Rights Act of 1964 and [chapter 216](#).

(ii) An elementary or secondary school located out of state that educates a beneficiary who meets the definition of “*children requiring special education*” in [section 256B.2](#), if the elementary or secondary school is accredited under the laws of the state in which it is located and adheres to the federal Civil Rights Act of 1964 and applicable state law analogous to [chapter 216](#).

(c) “*Qualified education expenses*” and “*tuition*” all mean the same as defined in [section 12D.1, subsection 2](#).

(d) “*Qualified education loan*” means the same as defined in [section 12D.1, subsection 2](#).

(e) “*Qualified education loan repayments*” means amounts paid as principal or interest on any qualified education loan of the beneficiary or a sibling of the beneficiary. The repayment amounts shall not exceed ten thousand dollars in the aggregate for the beneficiary or the sibling, respectively.

(f) (i) “*Qualified higher education expenses*” means the same as defined in section 529(e)(3) of the Internal Revenue Code.

(ii) For purposes of this subparagraph division (c), “*Internal Revenue Code*” means the Internal Revenue Code of 1954, prior to the date of its redesignation as the Internal Revenue Code of 1986 by the Tax Reform Act of 1986, or means the Internal Revenue Code of 1986 as amended and in effect on January 1, 2020. This definition shall not be construed to include any amendment to the Internal Revenue Code enacted after the date specified in the preceding sentence, including any amendment with retroactive applicability or effectiveness.

(g) “*Sibling*” means the same as defined in [section 12D.1, subsection 2](#).

23. Subtract, to the extent included, income from interest and earnings received from the Iowa educational savings plan trust created in [chapter 12D](#).

24. a. (1) Subtract the amount contributed during the tax year on behalf of a designated beneficiary that is a resident of this state to the Iowa ABLE savings plan trust or to the qualified ABLE program with which the state has contracted pursuant to [section 12I.10](#), not to exceed the maximum contribution level established in [section 12I.3, subsection 1](#), paragraph “d”, or [section 12I.10, subsection 2](#), paragraph “a”, as applicable.

(2) This paragraph “a” shall not apply to any amount of contribution that represents a transfer from the Iowa educational savings plan trust created in [chapter 12D](#) that meets the requirements of [subsection 22](#), paragraph “c”, subparagraph (1), subparagraph division (c), and that was previously deducted as a contribution to the Iowa educational savings plan trust.

b. Add the amount resulting from the cancellation of a participation agreement refunded to the taxpayer as an account owner in the Iowa ABLE savings plan trust or the qualified ABLE program with which the state has contracted pursuant to [section 12I.10](#) to the extent previously deducted pursuant to [this subsection](#) by the taxpayer or any other person as a contribution to the trust or qualified ABLE program, or to the extent the amount was previously deducted by the taxpayer or any other person pursuant to [subsection 22](#), paragraph “a”, and qualified as a transfer under paragraph “a”, subparagraph (2), of [this subsection](#).

c. Add the amount resulting from a withdrawal made by a taxpayer from the Iowa ABLE savings plan trust or the qualified ABLE program with which the state has contracted pursuant to [section 12I.10](#) for purposes other than the payment of qualified disability expenses to the extent previously deducted pursuant to [this subsection](#) by the taxpayer or any other person as a contribution to the trust or qualified ABLE program, or to the extent the amount was previously deducted by the taxpayer or any other person pursuant to [subsection 22](#), paragraph “a”, and qualified as a transfer under paragraph “a”, subparagraph (2), of [this subsection](#).

25. Subtract, to the extent included, income from interest and earnings received from the Iowa ABLE savings plan trust created in [chapter 12I](#), or received by a resident account owner from a qualified ABLE program with which the state has contracted pursuant to [section 12I.10](#).

26. Subtract, to the extent not otherwise excluded, the amount of withdrawals from qualified retirement plan accounts made during the tax year if the taxpayer or taxpayer’s spouse is a member of the Iowa national guard or reserve forces of the United States who is ordered to national guard duty or federal active duty. In addition, a penalty for such withdrawals shall not be assessed by the state.

27. a. Subject to the restrictions in paragraph “b”, subtract the sum of the following amounts:

(1) The amount of contributions made by an account holder during the tax year to the account holder’s first-time homebuyer savings accounts, not to exceed the following annual limit:

(a) (i) For married taxpayers who file a joint return and maintain a joint first-time homebuyer savings account, four thousand dollars.

(ii) For any other account holder, two thousand dollars.

(b) For the tax year beginning in the 2018 calendar year and for each subsequent tax year, the director shall multiply each dollar amount set forth in subparagraph division (a), subparagraph subdivisions (i) and (ii), by the latest cumulative inflation factor, shall round off the resulting product to the nearest one dollar, and shall incorporate the result into the income tax forms and instructions for each tax year. For purposes of this subparagraph division, “*cumulative inflation factor*” means the product of the annual inflation factor for the 2018 calendar year and all annual inflation factors for subsequent calendar years as determined by [section 422.4, subsection 1](#), paragraph “a”. The cumulative inflation factor applies to all tax years beginning on or after January 1 of the calendar year for which the latest annual inflation factor has been determined. Notwithstanding any other provision, the annual inflation factor for the 2018 calendar year is one hundred percent.

(2) To the extent included, income from interest received from the account holder’s first-time homebuyer savings accounts.

b. (1) The subtraction in paragraph “a” shall not exceed the following aggregate lifetime limit:

(a) For married taxpayers who file a joint return and maintain a joint first-time homebuyer savings account, an amount equal to the product of the deductible amount determined for the year in paragraph “a”, subparagraph (1), subparagraph division (a), subparagraph subdivision (i), multiplied by ten.

(b) For any other account holder, an amount equal to the product of the deductible amount determined for the year in paragraph “a”, subparagraph (1), subparagraph division (a), subparagraph subdivision (ii), multiplied by ten.

(2) The subtraction in paragraph “a” shall not be allowed to an account holder upon one of the following dates, whichever occurs first:

(a) January 1 of the tenth calendar year after the calendar year during which the account holder first opened a first-time homebuyer savings account.

(b) The date on which funds within an account holder’s first-time homebuyer savings account are withdrawn for purposes other than the payment or reimbursement of the designated beneficiary’s eligible home costs in connection with a qualified home purchase. Any amount transferred between different first-time homebuyer savings accounts of the same account holder by a person other than the account holder shall not be considered a withdrawal for purposes of this subparagraph division (b).

c. (1) Add, to the extent previously deducted under paragraph “a”, subparagraph (1), the amount withdrawn during the tax year from an account holder’s first-time homebuyer savings account for purposes other than the payment or reimbursement of the designated beneficiary’s eligible home costs in connection with a qualified home purchase.

(2) For purposes of this paragraph “c”, any amount remaining in an account holder’s first-time homebuyer savings account on January 1 of the tenth calendar year after the calendar year during which the account holder first opened a first-time homebuyer savings account shall be considered immediately withdrawn under subparagraph (1).

(3) For purposes of this paragraph “c”, the transfer of amounts between different first-time homebuyer accounts of the same account holder by a person other than the account holder shall not cause such transfer to be considered a withdrawal under subparagraph (1).

d. For any amount considered a withdrawal required to be added to net income pursuant to paragraph “c”, the account holder shall be assessed a penalty equal to ten percent of the amount of the withdrawal. The penalty shall not apply to withdrawals made by reason of the death of the account holder, or to withdrawals made pursuant to a garnishment, levy, or other

order, including but not limited to an order in bankruptcy following a filing for protection under the federal bankruptcy code, 11 U.S.C. §101 et seq.

e. Add, to the extent deducted for federal tax purposes, interest, taxes, and other miscellaneous expenses to the extent such amounts are eligible home costs in connection with a qualified home purchase that were paid or reimbursed from funds in a first-time homebuyer savings account.

f. For purposes of [this subsection](#), “*account holder*”, “*designated beneficiary*”, “*eligible home costs*”, “*first-time homebuyer savings account*”, and “*qualified home purchase*” mean the same as defined in [section 541B.2](#).

28. Subtract, to the extent included, military student loan repayments received by the taxpayer serving on active duty in the national guard or armed forces military reserve or on active duty status in the armed forces.

29. Subtract, to the extent included, all pay received by the taxpayer from the federal government for military service performed while on active duty status in the armed forces, the armed forces military reserve, or the national guard.

30. a. If the taxpayer, while living, donates one or more of the taxpayer’s human organs to another human being for immediate human organ transplantation during the tax year, subtract, to the extent not otherwise excluded, the following unreimbursed expenses incurred by the taxpayer and related to the taxpayer’s organ donation:

- (1) Travel expenses.
- (2) Lodging expenses.
- (3) Lost wages.

b. The maximum amount that may be deducted under paragraph “a” is ten thousand dollars. A taxpayer shall only take the deduction under [this subsection](#) once. If a deduction is taken under [this subsection](#), the amount of expenses shall not be considered medical care expenses under section 213 of the Internal Revenue Code for state tax purposes.

c. For purposes of [this subsection](#), “*human organ*” means all or part of a liver, pancreas, kidney, intestine, lung, or bone marrow.

31. Subtract, to the extent included, the amount of any grant provided pursuant to the injured veterans grant program pursuant to [section 35A.14](#).

32. Subtract, to the extent included, amounts received from the veterans trust fund for any of the following items:

- a. Travel expenses pursuant to [section 35A.13, subsection 7](#), paragraph “a”.
- b. Unemployment assistance pursuant to [section 35A.13, subsection 7](#), paragraph “c”.

33. Subtract, to the extent not otherwise deducted in computing federal taxable income, the amounts paid by the taxpayer to the department of veterans affairs for the purpose of providing grants under the injured veterans grant program established in [section 35A.14](#). Amounts subtracted under [this subsection](#) shall not be used by the taxpayer in computing the amount of charitable contributions as defined by section 170 of the Internal Revenue Code.

34. Subtract, to the extent included, income from interest and earnings received from a burial trust fund as defined in [section 523A.102](#).

35. Subtract, to the extent included, the amount of victim compensation awards paid under the victim compensation program, victim restitution payments received pursuant to [chapter 910](#) or [915](#), and any damages awarded by a court, and received by the taxpayer, in a civil action filed by the victim against the offender, during the tax year.

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

37. A taxpayer who is an eligible educator as defined in section 62(d)(1) of the Internal Revenue Code is allowed to take the deduction for certain expenses of elementary and secondary school teachers allowed under section 62(a)(2)(D) of the Internal Revenue Code in computing net income for state tax purposes in excess of the amount of the taxpayer’s deduction for certain expenses of elementary and secondary school teachers for federal tax purposes allowed under section 62(a)(2)(D) of the Internal Revenue Code, but not to exceed five hundred dollars.

38. Any adjustment subtracted from federal taxable income for an adjustment year pursuant to section 6225 of the Internal Revenue Code and the regulations thereunder shall

be added back in computing net income of the partnership and the partners for state tax purposes for the adjustment year.

39. a. Section 163(j) of the Internal Revenue Code does not apply in computing net income for state tax purposes. If the taxpayer's federal adjusted gross income for the tax year was increased or decreased by reason of the application of section 163(j) of the Internal Revenue Code, the taxpayer shall recompute net income for state tax purposes under rules prescribed by the director.

b. For any tax year in which paragraph "a" does not apply, a taxpayer shall not be permitted to deduct any amount of interest expense paid or accrued in a previous taxable year that is allowed as a deduction in the current taxable year by reason of the carryforward of disallowed business interest provisions of section 163(j)(2) of the Internal Revenue Code, if either of the following apply:

(1) The interest expense was originally paid or accrued during a tax year in which paragraph "a" applied.

(2) The interest expense was originally paid or accrued during a tax year in which the taxpayer was not required to file an Iowa return.

40. Notwithstanding any other provision of law to the contrary, any funds received by a student through a higher education institution to support the student's financial needs as a result of the COVID-19 pandemic pursuant to §§3504, 18004, or 18008 of Pub. L. No. 116-136 shall not be included in the student's Iowa net income for any tax year ending after March 27, 2020.

41. a. (1) Subtract to the extent included the amount, not to exceed one thousand dollars, of premium pay, as defined in 42 U.S.C. §802(g)(3), received by a certified peace officer who was designated by the governor as an eligible worker under 42 U.S.C. §802(g)(2).

(2) Subtract, to the extent included, the amount, not to exceed one thousand dollars, of premium pay, as defined in 42 U.S.C. §802(g)(3), received by a correctional officer or medical staff member at a correctional facility who was designated by the governor as an eligible worker under 42 U.S.C. §802(g)(2).

(3) Subtract to the extent included the amount, not to exceed one thousand dollars, of premium pay, as defined in 42 U.S.C. §802(g)(3), received by a teacher employed by an independently accredited school or a teacher employed by the state who was designated by the governor as an eligible worker under 42 U.S.C. §802(g)(2).

(4) Subtract to the extent included the amount of a teacher retention payment, not to exceed one thousand dollars, received by a teacher that was funded from moneys received by the state from the elementary and secondary school emergency relief funds pursuant to the federal Coronavirus Response and Relief Supplemental Appropriations Act, 2021, Pub. L. No. 116-260, or the federal American Rescue Plan Act of 2021, Pub. L. No. 117-2.

(5) Subtract to the extent included the amount of a teacher retention payment, not to exceed one thousand dollars, received by a teacher employed by a private school or specially accredited school, that was funded from the private sector worker premium pay program administered by the department of education that was funded from state moneys.

(6) Subtract to the extent included the amount of a recruitment and retention bonus, not to exceed one thousand dollars, received by a child care worker through the recruitment and retention bonus program administered by the department of health and human services.

b. An employer or any payor of an amount to an individual under paragraph "a" pursuant to a program described in paragraph "a" shall report the amount paid to each individual to the department of revenue in the manner and form required by the department.

c. Notwithstanding any provision of law to the contrary, public records related to the distribution of funds under [this subsection](#) shall be kept confidential to the extent that the release of such information would reveal the personal identifying information of a peace officer defined in [section 801.4, subsection 11](#).

d. The department may adopt rules pursuant to [chapter 17A](#) to administer [this subsection](#).

e. [This subsection](#) is repealed January 1, 2026.

42. a. Subtract the following percentage of the net capital gain from the sale or exchange of capital stock of a qualified corporation for which an election is made by an employee-owner:

- (1) For the tax year beginning in the 2023 calendar year, thirty-three percent.
- (2) For the tax year beginning in the 2024 calendar year, sixty-six percent.
- (3) For tax years beginning on or after January 1, 2025, one hundred percent.

b. (1) An employee-owner is entitled to make one irrevocable lifetime election to exclude the net capital gain from the sale or exchange of capital stock of one qualified corporation which capital stock was acquired by the employee-owner while employed and on account of employment by such qualified corporation.

(2) The election shall apply to all subsequent sales or exchanges of qualifying capital stock of the elected corporation within fifteen years of the date of the election, provided that the subsequent sales or exchanges were of capital stock in the same qualified corporation and were acquired by the employee-owner while employed and on account of employment by such qualified corporation.

(3) The election shall apply to qualifying capital stock that has been transferred by inter vivos gift from the employee-owner to the employee-owner's spouse or to a trust for the benefit of the employee-owner's spouse following the transfer. This subparagraph (3) shall apply to a spouse only if the spouse was married to the employee-owner on the date of the sale or exchange or the date of death of the employee-owner.

(4) If the employee-owner dies after having sold or exchanged qualifying capital stock without having made an election under [this subsection](#), the surviving spouse or, if there is no surviving spouse, the personal representative of the employee-owner's estate, may make the election that would have qualified under [this subsection](#).

(5) The election shall be made in the manner and form prescribed by the department and shall be included with the taxpayer's state income tax return for the taxable year in which the election is made.

c. For purposes of [this subsection](#):

(1) "Capital stock" means common or preferred stock, either voting or nonvoting. "Capital stock" does not include stock rights, stock warrants, stock options, or debt securities.

(2) "Employee-owner" means an individual who owns capital stock in a qualified corporation for at least ten years, which capital stock was acquired by the individual while employed and on account of employment by such corporation for at least ten cumulative years.

(3) "Personal representative" means the same as defined in [section 633.3](#), or if there is no such personal representative appointed, then the person legally authorized to perform substantially the same functions.

(4) (a) "Qualified corporation" means, with respect to an employee-owner, a corporation which, at the time of the first sale or exchange for which an election is made by the employee-owner under [this subsection](#), meets all of the following conditions:

(i) The corporation employed individuals in this state for at least ten years.

(ii) The corporation has had at least five shareholders for the ten years prior to the first sale or exchange under [this subsection](#).

(iii) The corporation has had at least two shareholders or groups of shareholders who are not related for the ten years prior to the first sale or exchange under [this subsection](#). Two persons are considered related when, under section 318 of the Internal Revenue Code, one is a person who owns, directly or indirectly, capital stock that if directly owned would be attributed to the other person, or is the brother, sister, aunt, uncle, cousin, niece, or nephew of the other person who owns capital stock either directly or indirectly.

(b) "Qualified corporation" includes any member of an Iowa affiliated group if the Iowa affiliated group includes a member that has employed individuals in this state for at least ten years. For purposes of this subparagraph division, "Iowa affiliated group" means an affiliated group that has made a valid election to file an Iowa consolidated income tax return under [section 422.37](#) in the year in which the deduction under [this subsection](#) is claimed. "Member" includes any entity included in the consolidated return under [section 422.37, subsection 2](#), for the tax year in which the deduction is claimed.

(c) "Qualified corporation" also includes any corporation that was a party to a

reorganization that was entirely or substantially tax free if such reorganization occurred during or after the employment of the employee-owner.

43. Subtract, to the extent included, the amount of an education savings account payment under [section 257.11B](#) received by the taxpayer for payment of qualified educational expenses.

[C35, §6943-f7; C39, §6943.039; C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §422.7; 81 Acts, ch 132, §4 – 6, 9 – 11; 82 Acts, ch 1023, §3 – 8, 25, 30, 31, ch 1203, §2]

83 Acts, ch 174, §1, 3; 83 Acts, ch 179, §5, 6, 21, 24; 84 Acts, ch 1305, §29, 30; 85 Acts, ch 230, §4; 86 Acts, ch 1232, §2; 86 Acts, ch 1236, §5; 86 Acts, ch 1238, §18; 86 Acts, ch 1241, §14; 86 Acts, ch 1243, §33; 87 Acts, 1st Ex, ch 1, §3; 87 Acts, 2nd Ex, ch 1, §4 – 6; 88 Acts, ch 1028, §13 – 15; 89 Acts, ch 175, §2; 89 Acts, ch 225, §18, 19; 89 Acts, ch 228, §6, 7, 11; 89 Acts, ch 249, §2; 89 Acts, ch 251, §13; 89 Acts, ch 268, §4; 89 Acts, ch 285, §3; 90 Acts, ch 1171, §2; 90 Acts, ch 1195, §1; 90 Acts, ch 1251, §52; 90 Acts, ch 1271, §1901, 1903; 91 Acts, ch 196, §2; 91 Acts, ch 210, §1; 92 Acts, ch 1225, §1, 5; 92 Acts, ch 1247, §30, 31, 39; 93 Acts, ch 97, §14, 20; 94 Acts, ch 1165, §12, 46; 94 Acts, ch 1166, §2, 3, 12; 94 Acts, ch 1183, §77 – 79, 97; 95 Acts, ch 5, §1, 14; 95 Acts, ch 152, §3, 7; 95 Acts, ch 206, §1, 4; 96 Acts, ch 1106, §7; 96 Acts, ch 1129, §113; 96 Acts, ch 1186, §23; 97 Acts, ch 133, §1; 97 Acts, ch 135, §4, 9; 98 Acts, ch 1100, §57; 98 Acts, ch 1172, §12, 14; 98 Acts, ch 1174, §5, 6; 98 Acts, ch 1177, §1 – 6; 2000 Acts, ch 1103, §2, 3; 2000 Acts, ch 1163, §5, 6; 2000 Acts, ch 1194, §8, 21; 2001 Acts, ch 15, §1, 2; 2001 Acts, ch 116, §6, 28; 2001 Acts, ch 127, §4, 5, 9, 10; 2001 Acts, 2nd Ex, ch 6, §21, 22, 25, 26, 37; 2002 Acts, ch 1069, §4, 11, 14; 2002 Acts, ch 1150, §4; 2002 Acts, ch 1151, §5, 36; 2003 Acts, ch 139, §5, 11, 12; 2003 Acts, ch 142, §5, 6, 11; 2003 Acts, 1st Ex, ch 2, §184, 205; 2004 Acts, ch 1086, §66; 2004 Acts, 1st Ex, ch 1001, §38, 41, 42; 2005 Acts, ch 2, §1, 2, 6; 2005 Acts, ch 19, §53; 2005 Acts, ch 24, §4, 10, 11; 2005 Acts, ch 127, §1, 2; 2006 Acts, ch 1013, §1, 2; 2006 Acts, ch 1106, §2, 4; 2006 Acts, ch 1112, §4, 5; 2006 Acts, ch 1140, §4, 10, 11; 2006 Acts, ch 1158, §12; 2006 Acts, ch 1179, §71; 2006 Acts, 1st Ex, ch 1001, §41, 49; 2007 Acts, ch 27, §2, 11; 2007 Acts, ch 54, §35; 2007 Acts, ch 162, §4, 13; 2007 Acts, ch 176, §2, 4; 2007 Acts, ch 186, §8; 2008 Acts, ch 1011, §4, 9; 2008 Acts, ch 1131, §2 – 4; 2008 Acts, ch 1178, §8, 17; 2009 Acts, ch 118, §6, 12; 2009 Acts, ch 133, §136 – 139; 2009 Acts, ch 161, §3, 4; 2010 Acts, ch 1107, §1, 2; 2011 Acts, ch 41, §2, 5, 7, 18, 19, 23 – 25; 2011 Acts, ch 105, §1 – 3; 2011 Acts, ch 113, §57, 60; 2011 Acts, ch 131, §137, 139, 140, 142; 2012 Acts, ch 1019, §129; 2012 Acts, ch 1021, §73; 2012 Acts, ch 1059, §12; 2012 Acts, ch 1072, §37; 2012 Acts, ch 1110, §7; 2012 Acts, ch 1123, §1, 32; 2012 Acts, ch 1136, §33, 39 – 41; 2012 Acts, ch 1138, §133, 134; 2013 Acts, ch 1, §9, 11, 12; 2013 Acts, ch 70, §1, 2; 2013 Acts, ch 100, §23, 27; 2014 Acts, ch 1080, §85, 98; 2014 Acts, ch 1093, §19, 21; 2014 Acts, ch 1116, §3 – 5; 2015 Acts, ch 1, §9, 11, 12; 2015 Acts, ch 116, §27, 29, 30; 2015 Acts, ch 125, §1, 7; 2015 Acts, ch 137, §87, 91, 162; 2015 Acts, ch 138, §72, 73, 161; 2016 Acts, ch 1011, §68; 2017 Acts, ch 116, §1, 10; 2017 Acts, ch 170, §37, 45; 2018 Acts, ch 1026, §129; 2018 Acts, ch 1161, §58, 65, 67, 75, 76, 97, 98, 108 – 112, 114 – 118, 133, 134, 144, 145, 147, 148; 2019 Acts, ch 46, §3; 2020 Acts, ch 1062, §94; 2020 Acts, ch 1113, §1, 2; 2020 Acts, ch 1118, §62, 71, 77, 80, 82, 100, 103, 104, 111 – 113, 118, 120 – 122, 126, 129 – 132, 136 – 139; 2021 Acts, ch 80, §259 – 261; 2021 Acts, ch 86, §21, 31, 32; 2021 Acts, ch 139, §6, 9 – 11; 2021 Acts, ch 154, §1, 2; 2021 Acts, ch 177, §1, 5, 7, 8, 52, 54, 55, 57; 2022 Acts, ch 1002, §1 – 7, 10, 11, 27 – 29; 2022 Acts, ch 1138, §70 – 72; 2023 Acts, ch 1, §8, 10, 11; 2023 Acts, ch 19, §1118; 2023 Acts, ch 64, §103, 113; 2023 Acts, ch 66, §96, 97; 2023 Acts, ch 115, §1, 4 – 6, 8, 9, 12, 55 – 58

Referred to in §12D.9, 12I.8, 12I.10, 422.4, 422.5, 422.8, 422.16, 422.35, 425.17, 541A.2, 541A.3, 541B.6

Former subsection 59, applicable to tax years beginning January 1, 2019, stricken per its own terms, effective January 1, 2020, for tax years beginning on or after that date; 2018 Acts, ch 1161, §76, 97, 98

Subsection 10 applies retroactively to January 1, 2019, and applies to tax years beginning on or after that date; 2020 Acts, ch 1118, §104  
Subsection 22, paragraph c, subparagraph (1), subparagraph divisions (d), (e), and (f) apply retroactively to January 1, 2019, for tax years beginning on or after that date; 2020 Acts, ch 1118, §132, 139

Subsection 22, paragraph c, subparagraph (2), subparagraph divisions (a), (d), (e), and (g) apply retroactively to January 1, 2019, for tax years beginning on or after that date; 2020 Acts, ch 1118, §132

2020 amendment to subsection 22, paragraph c, subparagraph (2), subparagraph division (b) applies retroactively to January 1, 2020, for tax years beginning on or after that date; 2020 Acts, ch 1113, §2

2020 strike of former subsections 51 and 52 applies retroactively to January 1, 2020, for tax years beginning on or after that date; preservation of existing rights to take deductions; 2020 Acts, ch 1118, §125, 126

Subsection 38 applies to federal adjustments and federal partnership adjustments that have a final determination date after July 1, 2020; 2020 Acts, ch 1118, §71

Subsection 39 applies retroactively to January 1, 2020, for tax years beginning on or after that date; 2020 Acts, ch 1118, §82

Subsection 40 applies retroactively to March 27, 2020, for tax years ending on or after that date; 2020 Acts, ch 1118, §113

For net income exclusion of federal Paycheck Protection Program (PPP) loan forgiveness for certain fiscal-year filers under the federal Recovery Rebates and Coronavirus Aid, Relief, and Economic Security Act; see [2020 Acts, ch 1118, §109](#)

For determining the taxation of the income tax rebate received under the federal Recovery Rebates and Coronavirus Aid, Relief, and Economic Security Act for tax years beginning in the 2020 calendar year; see [2020 Acts, ch 1118, §114](#)

For provisions relating to contributions made to the Iowa educational savings plan trust on or after January 1, 2020, but on or before July 31, 2020; see [2020 Acts, ch 1118, §133](#)

For business expense deductions using forgiven federal Paycheck Protection Program (PPP) proceeds in computing net income for certain fiscal-year filers under the federal Consolidated Appropriations Act, 2021; see [2021 Acts, ch 177, §9, 10](#)

Subsection 34 applies retroactively to January 1, 2021, for tax years beginning on or after that date; [2021 Acts, ch 154, §2](#)

2021 amendment to subsection 37 applies retroactively to January 1, 2021, for tax years beginning on or after that date; [2021 Acts, ch 139, §11](#)

2021 amendment to subsection 38 applies retroactively to July 1, 2020, and applies to federal adjustments and federal partnership adjustments that have a final determination date after July 1, 2020; [2021 Acts, ch 86, §32](#)

2021 repeal of subsection 39, former paragraph b, applies retroactively to January 1, 2021, for tax years beginning on or after that date; [2021 Acts, ch 177, §57](#)

2021 repeal of former subsection 39A applies retroactively to January 1, 2021, for tax years beginning on or after that date, and for qualified property placed in service on or after that date; [2021 Acts, ch 177, §54](#)

2022 amendment to subsection 13 is effective January 1, 2023, and applies to sales consummated on or after January 1, 2023, for tax years beginning on or after January 1, 2023; [2022 Acts, ch 1002, §10, 11](#)

Subsection 14 is effective January 1, 2023, and applies to tax years beginning on or after January 1, 2023; [2022 Acts, ch 1002, §5, 6](#)

2022 amendment to subsection 19 by [2022 Acts, ch 1002, §27](#) is effective January 1, 2023, and applies to tax years beginning on or after January 1, 2023; [2022 Acts, ch 1002, §28, 29](#)

Subsection 41 applies retroactively to January 1, 2022, for tax years beginning on or after January 1, 2022, but before January 1, 2023, for payments received in the 2022 calendar year; [2022 Acts, ch 1138, §72](#)

Subsection 42 is effective January 1, 2023, and applies to tax years beginning on or after January 1, 2023; [2022 Acts, ch 1002, §2, 3](#)

Repeal of former subsections 39, 39B, 43, and 53, relating to bonus depreciation under section 168 of the Internal Revenue Code or increased expensing under section 179 of the Internal Revenue Code, applies retroactively to property placed in service on or after January 1, 2023; [2018 Acts, ch 1161, §118, 133, 134](#); [2021 Acts, ch 177, §1](#); [2023 Acts, ch 115, §4, 6](#)

Subsection 43 applies retroactively to tax years beginning on or after January 1, 2023; [2023 Acts, ch 1, §11](#)

2023 amendment to subsection 4 applies retroactively to January 1, 2023, for tax years beginning on or after that date; [2023 Acts, ch 115, §12](#)

2023 amendment to subsection 5, paragraph a applies retroactively to January 1, 2023, for tax years beginning on or after that date; [2023 Acts, ch 115, §12](#)

2023 amendment to subsection 13, paragraph a, subparagraph (4) applies retroactively to January 1, 2023, for tax years beginning on or after that date; [2023 Acts, ch 115, §58](#)

2023 amendment to subsection 14, paragraph f, subparagraph (5) applies retroactively to January 1, 2023, for tax years beginning on or after that date; [2023 Acts, ch 115, §58](#)

Former subsection 41 stricken effective January 1, 2024, and does not apply to tax years beginning on or after that date; [2021 Acts, ch 177, §5](#)

Subsection 4 amended

Subsection 5, paragraph a amended

Subsection 13, paragraph a, subparagraphs (4) and (5) amended

Subsection 13, paragraph d amended

Subsection 14, paragraph f, subparagraph (5) amended

Subsection 22, paragraph a amended

Former subsection 41 stricken per its own terms and former subsections 42 and 43 renumbered as 41 and 42

Subsection 41, paragraph a, subparagraph (6) amended

NEW subsection 43