

**261—116.1(15E) Tax credit for investments in certified innovation funds.**

**116.1(1)** *Tax credit allowed.* For tax years beginning on or after January 1, 2011, a taxpayer may claim a tax credit for a portion of the taxpayer's equity investment in a certified innovation fund. The tax credit may be claimed against the taxpayer's tax liability for any of the following taxes:

- a. The personal net income tax imposed under Iowa Code chapter 422, division II.
- b. The business tax on corporations imposed under Iowa Code chapter 422, division III.
- c. The franchise tax on financial institutions imposed under Iowa Code chapter 422, division V.
- d. The tax on the gross premiums of insurance companies imposed under Iowa Code chapter 432.
- e. The tax on moneys and credits imposed under Iowa Code section 533.329.

**116.1(2)** *Treatment of pass-through entities.* If the taxpayer that is entitled to an investment tax credit for an investment in an innovation fund is a pass-through entity electing to have its income taxed directly to its individual owners, such as a partnership, limited liability company, S corporation, estate or trust, the pass-through entity shall allocate the allowable credit to each of the individual owners of the entity on the basis of each owner's pro-rata share of the earnings of the entity, and the individual owners may claim their respective credits on their individual income tax returns.

**116.1(3)** *Credits for certain investments disallowed.* A taxpayer shall not claim an investment tax credit for an investment in an innovation fund if the taxpayer is a venture capital investment fund allocation manager for the Iowa fund of funds described in Iowa Code section 15E.65, an investor that receives a tax credit for the same investment in a community-based seed capital fund as described in Iowa Code section 15E.45, or an investor that receives a tax credit for the same investment in a qualifying business as described in Iowa Code section 15E.44.

**116.1(4)** *Cash investments required.* The taxpayer's equity investment must be made in the form of cash to purchase equity in an innovation fund.

**116.1(5)** *Amount of credit.* For tax years beginning and investments made on or after January 1, 2011, and before January 1, 2013, the taxpayer may claim a tax credit in an amount equal to 20 percent of the taxpayer's equity investment in a certified innovation fund. For tax years beginning and investments made on or after January 1, 2013, the taxpayer may claim a tax credit in an amount equal to 25 percent of the taxpayer's equity investment in a certified innovation fund.

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