

## Major State and Local Taxes

| State Taxes                              | Rate on July 1, 2023   | Description  |
|--|--|--|
| Individual Income Tax                    | 0.33% to 6.00%   | <ul style="list-style-type: none"> <li>Tax is imposed on personal net income earned in Iowa. Federal taxes paid are deducted from income. For tax year 2022, the top rate applies to taxable income in excess of \$75,000.</li> </ul>  |
| Sales and Use Tax                        | 6.00%  | <ul style="list-style-type: none"> <li>Tax is imposed on the final sale of most goods and enumerated services. Food, prescription drugs, and professional services are the major exceptions. One percentage point of the 6.00% State rate is distributed to local school districts and is dedicated to school infrastructure finance.</li> </ul> |
| Motor Vehicle Fuel Tax                   |  | <ul style="list-style-type: none"> <li>Tax is imposed on purchases of various motor fuel products. Receipts are deposited in the Road Use Tax Fund (RUTF). B11 refers to diesel fuel blended with biodiesel to a level higher than 10.0% biodiesel.</li> </ul>   |
| Gasoline                                 | \$0.300 per gallon   |  |
| Ethanol Blends                           | \$0.245 to \$0.300 per gallon  |  |
| Diesel, up to B10 Blends                 | \$0.325 per gallon   |  |
| Biodiesel, B11 or Higher                 | \$0.298 per gallon   |  |
| Corporate Income Tax                     | 5.50% to 8.40%   | <ul style="list-style-type: none"> <li>Tax is imposed on the net income of corporations doing business in Iowa. The top rate applies to taxable income over \$100,000.</li> </ul>  |
| Insurance Premium Tax                    | 1.00%  | <ul style="list-style-type: none"> <li>Tax is imposed on the adjusted gross amount of premiums (excluding annuities) of all insurance companies except fraternal beneficiary associations.</li> </ul>  |
| Cigarette Tax                            | \$1.36 per pack  | <ul style="list-style-type: none"> <li>Tax is imposed on the sale of cigarettes.</li> </ul>  |
| Tobacco Tax                              | Cigars: \$0.50 or 50.00% of wholesale price, whichever is lower<br>Snuff: \$1.19 per ounce<br>Other: 50.00% of wholesale price | <ul style="list-style-type: none"> <li>Tax is imposed on the wholesale price of tobacco, excluding tobacco subject to the cigarette tax.</li> </ul>  |
| Franchise Tax                            | 5.00%  | <ul style="list-style-type: none"> <li>Tax is imposed on the net income of most types of banks and financial institutions. Credit unions are taxed differently.</li> </ul>   |
| Inheritance Tax                          | 2.00% to 4.00%   | <ul style="list-style-type: none"> <li>Tax is imposed on beneficiaries other than lineal descendants. Rates and brackets vary according to the relationship of the beneficiary to the deceased. Beginning with deaths occurring on or after January 1, 2021, the inheritance tax is phased out through January 1, 2025.</li> </ul>               |
| Property Tax                             | Varies — the FY 2024 residential average tax rate is 3.40% of taxed value (1.86% calculated on assessed value).                | <ul style="list-style-type: none"> <li>Tax is imposed on the taxable value of real property, including land and buildings. For FY 2024, residential property is taxed at 54.68% of market value.</li> </ul>  |
| Local Option Sales Tax                   | 1.00%  | <ul style="list-style-type: none"> <li>Tax is added to the general State sales tax but not to use tax. The State remits collections to cities and counties.</li> </ul>   |
| Hotel/Motel Tax                          | Varies — cannot exceed 7.00%.  | <ul style="list-style-type: none"> <li>Tax is imposed on the gross receipts of hotel and motel room rentals and disbursed to local governments imposing the tax.</li> </ul>  |
| Individual Income School District Surtax | Varies — cannot exceed 20.00% of State income tax liability.   | <ul style="list-style-type: none"> <li>Tax is imposed by school districts on residents' State income tax payments and disbursed to school districts imposing the tax.</li> </ul>   |

Source: Legislative Services Agency  
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