



# Fiscal Note

## Fiscal Services Division



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[SF 2492](#) – Corporate Income Tax, Section 951A Income (LSB5960SZ)  
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Fiscal Note Version – New

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### Description

[Senate File 2492](#) creates a State corporate income tax deduction for net controlled foreign corporation (CFC) tested income (net CFC tested income or NCTI) from a foreign corporation, replacing the tax deduction for global intangible low-taxed income (GILTI).

The Bill applies retroactively to tax years beginning on or after January 1, 2026.

### Background

The [One Big Beautiful Bill Act \(OBBBA\)](#) of 2025 replaced GILTI with NCTI, which is a U.S. tax law that requires Americans who are owners of foreign corporations to pay federal tax, offset by a 40.0% federal deduction. Currently, the Iowa Code specifically references a deduction for GILTI under [26 U.S.C. §951A](#); however, federal code changed GILTI to NCTI.

### Assumptions

- The projection for NCTI is based on tax year (TY) 2023 and TY 2024 GILTI information reported on Iowa corporate income tax returns.
- Net CFC tested income represents 103.5% of GILTI reported on Iowa corporate tax returns, based on Internal Revenue Service (IRS) ratios of NCTI to GILTI from TY 2018 and TY 2021.
- Iowa's total apportioned share of GILTI reported in TY 2024 is approximately \$39.750 billion from 838 taxpayers, representing approximately 87.0% of all corporate income tax returns that are expected to be filed.
- The number of corporate income taxpayers in TY 2024 remains similar to the amount in TY 2023.
- The Iowa Department of Revenue (IDR) estimates a TY 2024 revenue impact of \$10.9 million due to the NCTI deduction.
- Based on Moody's projections used by the IDR, the annual average percentage increase in corporate profits is 1.9%, which is assumed for tax years beginning in TY 2025.
- The Bill is expected to have fiscal impacts beginning annually in FY 2026 due to the retroactivity of the Bill.

### Fiscal Impact

Senate File 2492 is expected to decrease revenue to the General Fund by the following amounts:

- FY 2026 = \$2.1 million
- FY 2027 = \$9.2 million
- FY 2028 = \$11.4 million
- FY 2029 = \$11.7 million
- FY 2030 = \$11.9 million
- FY 2031 = \$12.1 million

