

# Iowa Alternative Minimum Tax Credit

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# Outline

- ▶ Review the Iowa Alternative Minimum Tax Credit
- ▶ Alternative Minimum Tax Credits in Other States
- ▶ Iowa Alternative Minimum Tax Paid and Iowa Alternative Minimum Tax Credit Claims

# Iowa Alternative Minimum Tax (Iowa AMT) Credit Overview

- ▶ Went into effect for tax years beginning on or after January 1, 1988
- ▶ In order to claim the Iowa AMT Credit, a taxpayer has to have faced an Iowa alternative minimum tax levy in a prior year

# Iowa Alternative Minimum Tax

- ▶ The Iowa alternative minimum tax is imposed on the same tax preference items and adjustments as the federal alternative minimum tax
  - Purpose is to ensure that a taxpayer with certain deductions and adjustments is still paying some Iowa tax
- ▶ The Iowa alternative minimum tax can be imposed on individual, corporation, and franchise taxes

# Iowa AMT Credit Details

- ▶ Cannot be claimed in any year the taxpayer owes Iowa alternative minimum tax
- ▶ Nonrefundable
- ▶ Claims are limited to the amount that tax liability exceeds all “other nonrefundable” tax credits
- ▶ Iowa AMT Credit does not expire
- ▶ If a taxpayer is always subject to the Iowa alternative minimum tax or does not have Iowa tax liability in any future year, tax credits will not be able to be used

# Federal AMT and Credits

- ▶ AMT can be imposed against individuals, estates, trusts, and corporations
- ▶ Like Iowa, federal tax law allows for a nonrefundable tax credit equal to AMT paid in prior tax years
- ▶ The federal tax credit does not expire

# AMT Imposed Against Individual Income Tax and AMT Credits in Other States

- ▶ Six states, including Iowa, have an alternative minimum tax that applies to individual income tax  
(California, Colorado, Connecticut, Minnesota, Wisconsin)
- ▶ Only Wisconsin does not offer an alternative minimum tax credit in subsequent tax years.
- ▶ Three states have recently eliminated their alternative minimum tax  
(Rhode Island – 2011, Maine – 2012, Nebraska – 2014)

# AMT Imposed Against Corporation Income Tax\* and AMT Credits in Other States

- ▶ Six states, including Iowa, have an alternative minimum tax that applies to corporation income tax  
(Alaska, California, Florida, Maine, Minnesota)
- ▶ All of the states allow an AMT Credit to be claimed against the corporation income tax in subsequent tax years

\*Includes franchise tax when applicable

# Iowa Alternative Minimum Tax Paid by Tax Type

Tax Year	Corporation Income Tax		Individual Income Tax		Overall Total
	Number of Businesses	Total AMT Paid	Number of Households	Total AMT Paid	
2005	321	\$7,506,473	10,249	\$4,025,165	\$11,531,638
2006	344	\$5,868,410	12,401	\$5,037,450	\$10,905,860
2007	369	\$4,772,688	15,139	\$5,939,571	\$10,712,259
2008	312	\$5,141,087	18,814	\$8,199,145	\$13,340,232
2009	256	\$5,223,652	17,347	\$7,028,177	\$12,251,829
2010	329	\$5,038,487	18,915	\$6,828,833	\$11,867,320
2011	313	\$4,369,336	21,839	\$7,899,229	\$12,268,565
2012	283	\$10,494,120	23,730	\$9,326,077	\$19,820,197
2013	288	\$5,804,175	25,689	\$9,909,166	\$15,713,341
Average	313	\$6,024,270	18,236	\$7,132,535	\$13,156,805

Source: Iowa Department of Revenue,  
IA 148 Tax Credits Schedule

# Iowa AMT Credit Claimed Against Corporation and Franchise Taxes

Corporation Income Tax & Franchise Tax*				
Tax Year	Number of Claims	Total Credits Available	Total Credits Claimed	Credits Carried Forward
2006	93	\$13,651,256	\$3,072,334	\$10,579,101
2007	115	\$11,696,928	\$3,858,067	\$7,838,861
2008	119	\$9,830,403	\$2,962,253	\$6,868,150
2009	113	\$10,026,292	\$1,613,963	\$8,412,329
2010	111	\$11,480,061	\$4,525,912	\$7,424,764
2011	128	\$9,831,235	\$1,805,788	\$8,026,089
2012	119	\$8,334,903	\$2,046,161	\$6,288,742
2013*	119	\$11,200,321	\$4,606,473	\$6,520,722
Average	115	\$10,756,425	\$3,061,369	\$7,744,845

\* Tax Year incomplete

## IA 148 Tax Credits Schedule

\*To avoid disclosing franchise taxpayer data due to small numbers, franchise tax claims have been combined with corporation income tax claims.

# Iowa AMT Credit Claimed Against Individual Income Tax

Individual Income Tax				
Tax Year	Number of Claims	Total Credits Available	Total Credits Claimed	Credits Carried Forward
2006	3,951	\$8,813,893	\$1,655,679	\$7,162,732
2007	5,562	\$6,494,726	\$1,212,163	\$5,283,024
2008	8,209	\$9,717,483	\$1,795,095	\$7,923,493
2009	10,345	\$14,947,020	\$2,115,593	\$12,832,081
2010	12,228	\$18,140,773	\$2,414,036	\$15,728,811
2011	13,742	\$20,657,368	\$2,876,849	\$17,788,701
2012	14,807	\$33,616,655	\$6,433,847	\$27,212,838
2013*	15,654	\$35,543,026	\$8,933,407	\$26,614,024
Average	10,562	\$18,491,368	\$3,429,584	\$15,068,213

\* Tax Year incomplete

Source: Iowa Department of Revenue  
IA 148 Tax Credits Schedule

# Difference Between Iowa AMT Paid and Iowa AMT Credit Claimed by Tax Year

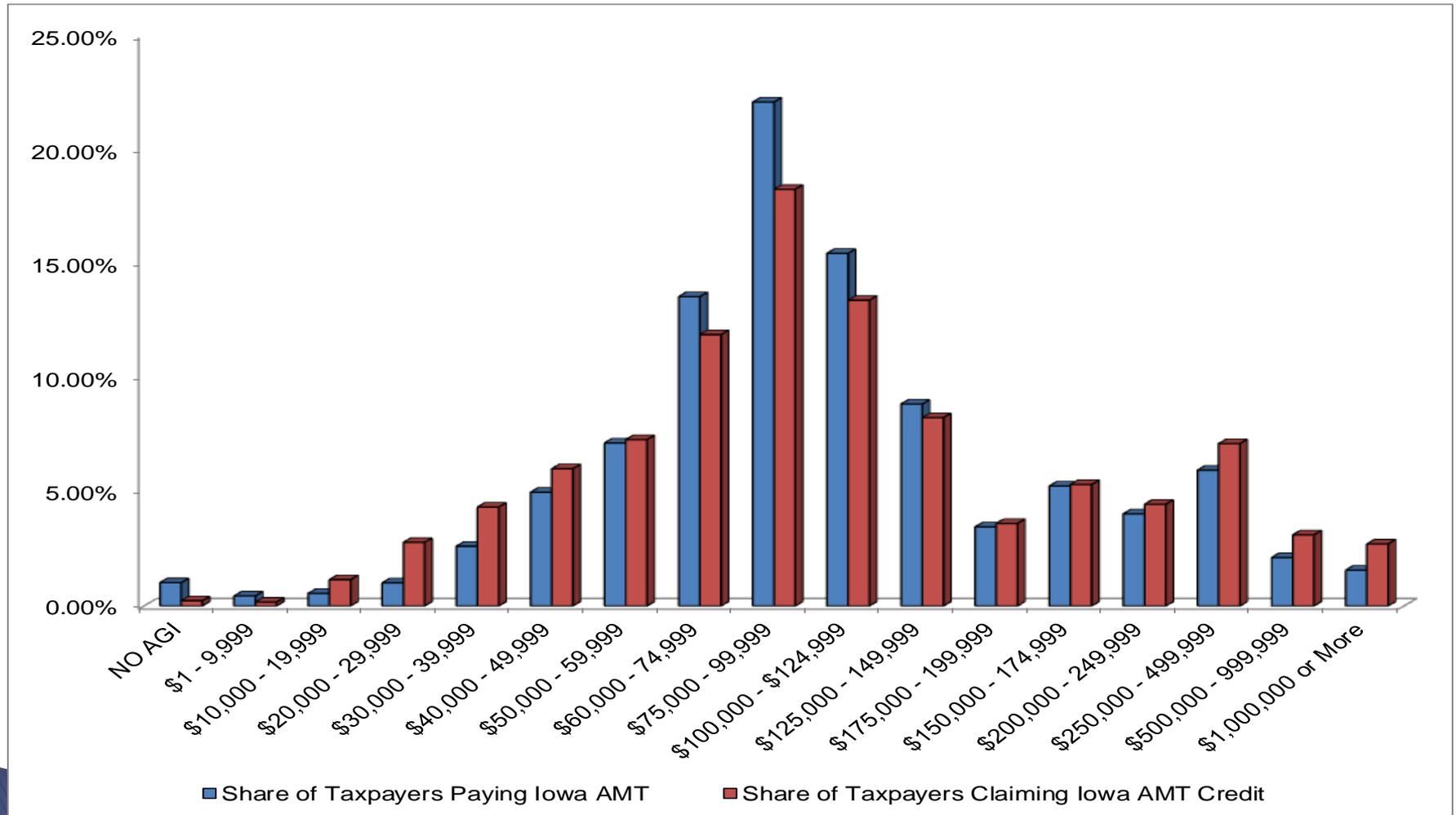
Tax Year	Total Iowa Alternative Minimum Tax Paid	Total Iowa Alternative Minimum Tax Credit Claims	Net Taxes Collected	Iowa AMT Credits as a Percentage of Iowa AMT Paid
2006	\$11,531,638	\$4,728,013	\$6,803,625	41.00%
2007	\$10,905,860	\$5,070,230	\$5,835,630	46.49%
2008	\$10,712,259	\$4,757,348	\$5,954,911	44.41%
2009	\$13,340,232	\$3,729,556	\$9,610,676	27.96%
2010	\$12,251,829	\$6,939,948	\$5,311,881	56.64%
2011	\$11,867,320	\$4,682,637	\$7,184,683	39.46%
2012	\$12,268,565	\$8,480,008	\$3,788,557	69.12%
2013*	\$19,820,197	\$13,539,880	\$6,280,317	68.31%

\*Tax Year incomplete

Source: Iowa Department of Revenue

Note: Includes all tax types

# Share of Individual Income Taxpayers Paying Iowa AMT vs. Taxpayers Claiming Iowa AMT Credit by AGI, Tax Years 2006–2013



Source: Iowa Department of Revenue