

JAN 30 1997
WAYS AND MEANS

HOUSE FILE 107
BY OSTERHAUS

Passed House, Date _____ Passed Senate, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act allowing an individual income tax deduction for certain
2 federal taxes paid under the Federal Insurance Contributions
3 Act and the federal Railroad Retirement Tax Act and providing
4 a retroactive applicability date provision.

5 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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HF 107

1 Section 1. Section 422.9, subsection 1, Code 1997, is
2 amended to read as follows:

3 1. An optional standard deduction, after deduction of
4 federal income tax, social security tax, and railroad
5 retirement tax, equal to one thousand two hundred thirty
6 dollars for a married person who files separately or a single
7 person or equal to three thousand thirty dollars for a husband
8 and wife who file a joint return, a surviving spouse, or an
9 unmarried head of household. The optional standard deduction
10 shall not exceed the amount remaining after deduction of the
11 federal income tax, social security tax, and railroad
12 retirement tax.

13 For purposes of this section, "social security tax" means
14 the amount of tax paid by the taxpayer for the tax year for
15 old-age, survivors, and disability insurance under the Federal
16 Insurance Contributions Act and "railroad retirement tax"
17 means the amount of tier I tax paid by the taxpayer for the
18 tax year for old-age, survivors, and disability insurance
19 under the federal Railroad Retirement Tax Act.

20 Sec. 2. Section 422.9, subsection 2, Code 1997, is amended
21 by adding the following new paragraph:

22 NEW PARAGRAPH. f. Add the amount of social security tax
23 and railroad retirement tax paid by the taxpayer for the tax
24 year.

25 Sec. 3. This Act applies retroactively to January 1, 1997,
26 for tax years beginning on or after that date.

27 EXPLANATION

28 The bill allows the deduction under the individual income
29 tax for social security (FICA) and railroad retirement taxes
30 paid for old-age, survivors, and disability insurance by the
31 taxpayer during the tax year. The deduction would be made
32 whether the taxpayer takes the standard deduction or itemizes
33 deductions.

34 The bill applies retroactively to January 1, 1997, for tax
35 years beginning on or after that date.