

Senate File 2393 - Introduced

SENATE FILE _____
BY KETTERING

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

A BILL FOR

1 An Act relating to the amount of net income for which individual
2 income tax is not owed and for which a return is not required
3 to be filed and including a retroactive applicability date
4 provision.
5 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:
6 TLSB 5141XS 82
7 mg/nh/24

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1 1 Section 1. Section 422.5, subsection 2, Code Supplement
1 2 2007, is amended to read as follows:
1 3 2. However, the tax shall not be imposed on a resident or
1 4 nonresident whose net income, as defined in section 422.7, is
1 5 ~~thirteen nineteen~~ thousand five hundred dollars or less in the
1 6 case of married persons filing jointly or filing separately on
1 7 a combined return, heads of household, and surviving spouses
1 8 or ~~nine thirteen~~ thousand ~~five hundred~~ dollars or less in the
1 9 case of all other persons; but in the event that the payment
1 10 of tax under this division would reduce the net income to less
1 11 than ~~thirteen nineteen~~ thousand five hundred dollars or ~~nine~~
1 12 ~~thirteen~~ thousand ~~five hundred~~ dollars as applicable, then the
1 13 tax shall be reduced to that amount which would result in
1 14 allowing the taxpayer to retain a net income of ~~thirteen~~
1 15 ~~nineteen~~ thousand five hundred dollars or ~~nine thirteen~~
1 16 thousand ~~five hundred~~ dollars as applicable. The preceding
1 17 sentence does not apply to estates or trusts. For the purpose
1 18 of this subsection, the entire net income, including any part
1 19 of the net income not allocated to Iowa, shall be taken into
1 20 account. For purposes of this subsection, net income includes
1 21 all amounts of pensions or other retirement income received
1 22 from any source which is not taxable under this division as a
1 23 result of the government pension exclusions in section 422.7,
1 24 or any other state law. If the combined net income of a
1 25 husband and wife exceeds ~~thirteen nineteen~~ thousand five
1 26 hundred dollars, neither of them shall receive the benefit of
1 27 this subsection, and it is immaterial whether they file a
1 28 joint return or separate returns. However, if a husband and
1 29 wife file separate returns and have a combined net income of
1 30 ~~thirteen nineteen~~ thousand five hundred dollars or less,
1 31 neither spouse shall receive the benefit of this paragraph, if
1 32 one spouse has a net operating loss and elects to carry back
1 33 or carry forward the loss as provided in section 422.9,
1 34 subsection 3. A person who is claimed as a dependent by
1 35 another person as defined in section 422.12 shall not receive
2 1 the benefit of this subsection if the person claiming the
2 2 dependent has net income exceeding ~~thirteen nineteen~~ thousand
2 3 five hundred dollars or ~~nine thirteen~~ thousand ~~five hundred~~
2 4 dollars as applicable or the person claiming the dependent and
2 5 the person's spouse have combined net income exceeding
2 6 ~~thirteen nineteen~~ thousand five hundred dollars or ~~nine~~
2 7 ~~thirteen~~ thousand ~~five hundred~~ dollars as applicable.
2 8 In addition, if the married persons', filing jointly or
2 9 filing separately on a combined return, head of household's,
2 10 or surviving spouse's net income exceeds ~~thirteen nineteen~~
2 11 thousand five hundred dollars, the regular tax imposed under
2 12 this division shall be the lesser of the maximum state
2 13 individual income tax rate times the portion of the net income
2 14 in excess of ~~thirteen nineteen~~ thousand five hundred dollars
2 15 or the regular tax liability computed without regard to this
2 16 sentence. Taxpayers electing to file separately shall compute
2 17 the alternate tax described in this paragraph using the total
2 18 net income of the husband and wife. The alternate tax

2 19 described in this paragraph does not apply if one spouse
2 20 elects to carry back or carry forward the loss as provided in
2 21 section 422.9, subsection 3.
2 22 Sec. 2. RETROACTIVE APPLICABILITY DATE. This Act applies
2 23 retroactively to January 1, 2008, for tax years beginning on
2 24 or after that date.

2 25 EXPLANATION

2 26 This bill provides that a resident or a nonresident whose
2 27 net income is \$19,500 or less in the case of married taxpayers
2 28 filing jointly and \$13,500 or less in the case of all other
2 29 taxpayers will not have the individual income tax imposed upon
2 30 them. The previous figures were \$13,500 for married taxpayers
2 31 filing jointly and \$9,000 for all other taxpayers.

2 32 In addition, because of this change Code section 422.13,
2 33 subsection 1A, provides that a resident is not required to
2 34 make and file an income tax return if the person's net income
2 35 is equal to or less than the appropriate dollar amounts as

3 1 increased in the bill.

3 2 The bill applies retroactively to January 1, 2008, for tax
3 3 years beginning on or after that date.

3 4 LSB 5141XS 82

3 5 mg/nh/24