

Senate File 106 - Introduced

SENATE FILE 106

BY COMMITTEE ON WAYS AND MEANS

(SUCCESSOR TO SSB 1071)

A BILL FOR

1 An Act updating the Code references to the Internal Revenue
2 Code and decoupling from certain federal bonus depreciation
3 provisions, providing certain taxpayers additional time to
4 file a claim for refund or credit of individual income tax,
5 and including effective date and retroactive applicability
6 provisions.

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

DIVISION I

INTERNAL REVENUE CODE REFERENCES

1
2
3 Section 1. Section 15.335, subsection 7, paragraph b, Code
4 2013, is amended to read as follows:

5 *b.* For purposes of this section, "*Internal Revenue Code*"
6 means the Internal Revenue Code in effect on January 1, ~~2012~~
7 2013, and as amended by the American Taxpayer Relief Act of
8 2012, Pub. L. No. 112-240.

9 Sec. 2. Section 422.3, subsection 5, Code 2013, is amended
10 to read as follows:

11 5. "*Internal Revenue Code*" means the Internal Revenue Code
12 of 1954, prior to the date of its redesignation as the Internal
13 Revenue Code of 1986 by the Tax Reform Act of 1986, or means
14 the Internal Revenue Code of 1986 as amended to and including
15 January 1, ~~2012~~ 2013, and as amended by the American Taxpayer
16 Relief Act of 2012, Pub. L. No. 112-240.

17 Sec. 3. Section 422.9, subsection 2, paragraph i, Code 2013,
18 is amended to read as follows:

19 *i.* The deduction for state sales and use taxes is allowable
20 only if the taxpayer elected to deduct the state sales and use
21 taxes in lieu of state income taxes under section 164 of the
22 Internal Revenue Code. A deduction for state sales and use
23 taxes is not allowed if the taxpayer has taken the deduction
24 for state income taxes or claimed the standard deduction under
25 section 63 of the Internal Revenue Code. This paragraph
26 applies to taxable years beginning after December 31, 2003, and
27 before January 1, 2008, and to taxable years beginning after
28 December 31, 2009, and before January 1, ~~2012~~ 2014.

29 Sec. 4. Section 422.10, subsection 3, paragraph b, Code
30 2013, is amended to read as follows:

31 *b.* For purposes of this section, "*Internal Revenue Code*"
32 means the Internal Revenue Code in effect on January 1, ~~2012~~
33 2013, and as amended by the American Taxpayer Relief Act of
34 2012, Pub. L. No. 112-240.

35 Sec. 5. Section 422.32, subsection 1, paragraph g, Code

1 2013, is amended to read as follows:

2 *g.* "*Internal Revenue Code*" means the Internal Revenue Code
3 of 1954, prior to the date of its redesignation as the Internal
4 Revenue Code of 1986 by the Tax Reform Act of 1986, or means
5 the Internal Revenue Code of 1986 as amended to and including
6 January 1, ~~2012~~ 2013, and as amended by the American Taxpayer
7 Relief Act of 2012, Pub. L. No. 112-240.

8 Sec. 6. Section 422.33, subsection 5, paragraph d,
9 subparagraph (2), Code 2013, is amended to read as follows:

10 (2) For purposes of this subsection, "*Internal Revenue Code*"
11 means the Internal Revenue Code in effect on January 1, ~~2012~~
12 2013, and as amended by the American Taxpayer Relief Act of
13 2012, Pub. L. No. 112-240.

14 Sec. 7. EFFECTIVE UPON ENACTMENT. This division of this
15 Act, being deemed of immediate importance, takes effect upon
16 enactment.

17 Sec. 8. RETROACTIVE APPLICABILITY. This division of this
18 Act applies retroactively to January 1, 2012, for tax years
19 beginning on or after that date.

20 DIVISION II

21 BONUS DEPRECIATION

22 Sec. 9. Section 422.7, subsection 39A, unnumbered paragraph
23 1, Code 2013, is amended to read as follows:

24 The additional first-year depreciation allowance authorized
25 in section 168(k) of the Internal Revenue Code, as enacted by
26 Pub. L. No. 110-185, § 103, Pub. L. No. 111-5, § 1201, Pub. L.
27 No. 111-240, § 2022, and Pub. L. No. 111-312, § 401, and Pub. L.
28 No. 112-240, § 331, does not apply in computing net income for
29 state tax purposes. If the taxpayer has taken the additional
30 first-year depreciation allowance for purposes of computing
31 federal adjusted gross income, then the taxpayer shall make the
32 following adjustments to federal adjusted gross income when
33 computing net income for state tax purposes:

34 Sec. 10. Section 422.35, subsection 19A, unnumbered
35 paragraph 1, Code 2013, is amended to read as follows:

1 The additional first-year depreciation allowance authorized
2 in section 168(k) of the Internal Revenue Code, as enacted by
3 Pub. L. No. 110-185, § 103, Pub. L. No. 111-5, § 1201, Pub. L.
4 No. 111-240, § 2022, ~~and~~ Pub. L. No. 111-312, § 401, and Pub. L.
5 No. 112-240, § 331, does not apply in computing net income for
6 state tax purposes. If the taxpayer has taken the additional
7 first-year depreciation allowance for purposes of computing
8 federal taxable income, then the taxpayer shall make the
9 following adjustments to federal taxable income when computing
10 net income for state tax purposes:

11 Sec. 11. EFFECTIVE UPON ENACTMENT. This division of this
12 Act, being deemed of immediate importance, takes effect upon
13 enactment.

14 Sec. 12. RETROACTIVE APPLICABILITY. This division of this
15 Act applies retroactively to January 1, 2013, for tax years
16 ending on or after that date.

17 DIVISION III

18 FILING OF CLAIMS

19 Sec. 13. Section 422.73, Code 2013, is amended by adding the
20 following new subsection:

21 NEW SUBSECTION. 1A. Notwithstanding subsection 1, a claim
22 for refund or credit of the individual income tax paid which
23 resulted from a reduction in a person's federal adjusted gross
24 income due to section 1106 of the FAA Modernization and Reform
25 Act of 2012, Pub. L. No. 112-95, shall be considered timely if
26 the claim is filed with the department on or before June 30,
27 2013.

28 Sec. 14. EFFECTIVE UPON ENACTMENT. This division of this
29 Act, being deemed of immediate importance, takes effect upon
30 enactment.

31 Sec. 15. RETROACTIVE APPLICABILITY. This division of this
32 Act applies retroactively to January 1, 2012, for refund or
33 credit claims filed on or after that date.

34 EXPLANATION

35 This bill updates the Iowa Code references to the Internal

1 Revenue Code to make federal income tax revisions enacted by
2 Congress in 2012, and by the American Taxpayer Relief Act of
3 2012, Pub. L. No. 112-240, applicable for Iowa income tax
4 purposes, decouples with certain bonus depreciation provisions,
5 and provides certain taxpayers additional time to file a claim
6 for refund or credit of individual income tax paid.

7 DIVISION I — INTERNAL REVENUE CODE REFERENCES. The
8 division amends Code sections 422.3 and 422.32, general
9 definition sections in the chapter of the Code that governs
10 corporate and individual income tax and the franchise tax
11 on financial institutions, to update the references to the
12 Internal Revenue Code.

13 The division amends Code sections 15.335, 422.10, and 422.33
14 to update the references to the Internal Revenue Code for the
15 state research activities credit for individuals, corporations,
16 and corporations in economic development areas to include the
17 federal changes to the research activities credit and the
18 alternative simplified research activities credit.

19 Code section 422.9 provides individuals a deduction from net
20 income for state sales and use taxes if the individual chose
21 to deduct sales and use tax in lieu of state income taxes or
22 the standard deduction for federal income tax purposes. This
23 deduction was set to expire under both federal and Iowa law for
24 tax years beginning on or after January 1, 2012. The American
25 Taxpayer Relief Act of 2012 extended the federal deduction for
26 the 2012 and 2013 tax years. This division extends the Iowa
27 deduction for the 2012 and 2013 tax years.

28 Division I takes effect upon enactment and applies
29 retroactively to January 1, 2012, for tax years beginning on
30 or after that date.

31 DIVISION II — BONUS DEPRECIATION. The division decouples,
32 for Iowa income tax purposes, from the federal additional
33 first-year depreciation allowance in section 168(k) of the
34 Internal Revenue Code which was extended by the American
35 Taxpayer Relief Act of 2012.

1 Division II takes effect upon enactment and applies
2 retroactively to January 1, 2013, for tax years ending on or
3 after that date.

4 DIVISION III — FILING OF CLAIMS. The division amends
5 Code section 422.73, relating to the period of limitation to
6 claim a tax refund or credit, to provide additional time for
7 taxpayers affected by the FAA Modernization and Reform Act of
8 2012, Pub. L. No. 112-95, to request a refund or credit of Iowa
9 individual income tax paid. The federal law allows a qualified
10 airline employee who received a settlement payment from an
11 airline company in bankruptcy to roll over that amount into a
12 traditional individual retirement account (IRA) and exclude
13 that amount from adjusted gross income in the year in which it
14 was received. The federal law allowed additional time, until
15 April 15, 2013, for a refund to be requested for federal income
16 tax purposes provided the rollover occurred within 180 days of
17 February 14, 2012. Iowa taxpayers whose federal adjusted gross
18 income was reduced due to this federal law have until June 30,
19 2013, to request a refund or credit for Iowa individual income
20 tax paid.

21 Division III takes effect upon enactment and applies
22 retroactively to January 1, 2012, for refund or credit claims
23 filed on or after that date.