

House File 291 - Introduced

HOUSE FILE 291

BY ISENHART

A BILL FOR

1 An Act relating to withholding Iowa state income tax from
2 retirement income, and including effective date and
3 retroactive applicability provisions.

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

1 Section 1. Section 422.16, subsection 1, paragraph c, Code
2 2023, is amended to read as follows:

3 c. For the purposes of this subsection, at a rate specified
4 by the department, state income tax shall be withheld from
5 pensions, annuities, other similar periodic payments, and other
6 income payments ~~of those persons whose primary residence is in~~
7 ~~Iowa in those circumstances in which those persons have federal~~
8 ~~income tax withheld from pensions, annuities, other similar~~
9 ~~periodic payments, and other income payments~~ under sections
10 3402(o), 3402(p), 3402(s), 3405(a), 3405(b), and 3405(c) of
11 the Internal Revenue Code ~~at a rate to be specified by the~~
12 ~~department~~ made to Iowa residents if the payments are subject
13 to Iowa tax.

14 Sec. 2. EFFECTIVE DATE. This Act, being deemed of immediate
15 importance, takes effect upon enactment.

16 Sec. 3. RETROACTIVE APPLICABILITY. This Act applies
17 retroactively to January 1, 2023, for tax years beginning on
18 or after that date.

19 EXPLANATION

20 The inclusion of this explanation does not constitute agreement with
21 the explanation's substance by the members of the general assembly.

22 This bill relates to withholding Iowa state income tax from
23 retirement income.

24 Under current law, most retirement income is no longer
25 subject to Iowa income tax. The bill strikes provisions
26 requiring the withholding of state income tax from retirement
27 income payments made to Iowa residents if the retirement income
28 is no longer subject to Iowa income tax.

29 The bill takes effect upon enactment, and applies
30 retroactively to January 1, 2023, for tax years beginning on
31 or after that date.