

House File 1030 - Introduced

HOUSE FILE 1030
BY COMMITTEE ON WAYS AND MEANS

(SUCCESSOR TO HF 268)

A BILL FOR

1 An Act exempting qualified tips from the individual income tax,
2 and including applicability provisions.

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

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1 Section 1. Section 422.7, Code 2025, is amended by adding the
2 following new subsection:

3 NEW SUBSECTION. 45. a. For a taxpayer whose net income is
4 less than one hundred fifty-five thousand dollars, subtract, to
5 the extent included, the amount of qualified tips that were
6 received and are included on statements furnished to an employer
7 as required by section 6053(a) of the Internal Revenue Code, not
8 to exceed twenty-five thousand dollars.

9 b. As used in this subsection:

10 (1) "*Net income*" means net income as properly computed under
11 this section without regard to the deduction in this subsection.

12 (2) "*Qualified tips*" means any cash tip received by an
13 individual in the course of such individual's employment in an
14 occupation that traditionally and customarily received cash tips
15 before December 31, 2023.

16 c. The department shall adopt rules pursuant to chapter 17A
17 to administer this subsection.

18 Sec. 2. CONTINGENT APPLICABILITY. This Act applies to tax
19 years beginning on or after January 1, 2026, unless the federal
20 government enacts legislation allowing for the deduction of
21 qualified tips for federal individual income tax purposes, and
22 in such a case this Act does not apply in the same tax year where
23 federal legislation allowing for the deduction of qualified tips
24 for federal individual income tax purposes applies.

25 EXPLANATION

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

28 This bill excludes certain qualified tips from the calculation
29 of net income for purposes of the individual income tax. An
30 individual whose net income is less than \$155,000, without regard
31 to any deduction of qualified tips the individual received,
32 is eligible to exclude up to \$25,000 of such tips from the
33 calculations of net income.

34 The bill defines "qualified tips" to mean any cash tip
35 received by an individual in the course of such individual's

1 employment in an occupation that customarily received cash tips
2 prior to December 31, 2023.

3 The department of revenue is required to adopt rules to
4 administer the bill.

5 The bill applies in tax years beginning on or after January
6 1, 2026, in the tax years where the federal government has
7 not enacted similar legislation allowing for the deduction of
8 qualified tips for purposes of the federal income tax.

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