

**422.32 Definitions.**

1. For the purpose of [this subchapter](#) and unless otherwise required by the context:

a. “*Affiliated group*” means a group of corporations as defined in section 1504(a) of the Internal Revenue Code.

b. “*Business income*” means income arising from transactions and activity in the regular course of the taxpayer’s trade or business; or income from tangible and intangible property if the acquisition, management, and disposition of the property constitute integral parts of the taxpayer’s regular trade or business operations; or gain or loss resulting from the sale, exchange, or other disposition of real property or of tangible or intangible personal property, if the property while owned by the taxpayer was operationally related to the taxpayer’s trade or business carried on in Iowa or operationally related to sources within Iowa, or the property was operationally related to sources outside this state and to the taxpayer’s trade or business carried on in Iowa; or gain or loss resulting from the sale, exchange, or other disposition of stock in another corporation if the activities of the other corporation were operationally related to the taxpayer’s trade or business carried on in Iowa while the stock was owned by the taxpayer. A taxpayer may have more than one regular trade or business in determining whether income is business income.

(1) It is the intent of the general assembly to treat as apportionable business income all income that may be treated as apportionable business income under the Constitution of the United States.

(2) The filing of an Iowa income tax return on a combined report basis is neither allowed nor required by this paragraph “b”.

c. “*Commercial domicile*” means the principal place from which the trade or business of the taxpayer is directed or managed.

d. “*Corporation*” includes joint stock companies, and associations organized for pecuniary profit, and partnerships and limited liability companies taxed as corporations under the Internal Revenue Code.

e. “*Domestic corporation*” means any corporation organized under the laws of this state.

f. “*Foreign corporation*” means any corporation other than a domestic corporation.

g. “*Income from sources within this state*” means income from real, tangible, or intangible property located or having a situs in this state.

h. “*Internal Revenue Code*” means one of the following:

(1) For tax years beginning during the 2019 calendar year, “*Internal Revenue Code*” means the Internal Revenue Code of 1954, prior to the date of its redesignation as the Internal Revenue Code of 1986 by the Tax Reform Act of 1986, or means the Internal Revenue Code of 1986 as amended and in effect on March 24, 2018. This definition shall not be construed to include any amendment to the Internal Revenue Code enacted after the date specified in the preceding sentence, including any amendment with retroactive applicability or effectiveness.

(2) For tax years beginning on or after January 1, 2020, “*Internal Revenue Code*” means the Internal Revenue Code of 1954, prior to the date of its redesignation as the Internal Revenue Code of 1986 by the Tax Reform Act of 1986, or means the Internal Revenue Code of 1986, as amended.

i. “*Nonbusiness income*” means all income other than business income.

j. “*State*” means any state of the United States, the District of Columbia, the Commonwealth of Puerto Rico, any territory or possession of the United States, and any foreign country or political subdivision thereof.

k. “*Taxable in another state*”. For purposes of allocation and apportionment of income under [this subchapter](#), a taxpayer is “*taxable in another state*” if:

(1) In that state the taxpayer is subject to a net income tax, a franchise tax measured by net income, a franchise tax for the privilege of doing business, or a corporate stock tax; or

(2) That state has jurisdiction to subject the taxpayer to a net income tax regardless of whether, in fact, the state does or does not.

l. “*Unitary business*” means a business carried on partly within and partly without a state

where the portion of the business carried on within the state depends on or contributes to the business outside the state.

2. The words, terms, and phrases defined in [section 422.4, subsections 3, 4, 5, 7, 8, 12, 14, 15, and 16](#), when used in [this subchapter](#), shall have the meanings ascribed to them in [section 422.4](#), except where the context clearly indicates a different meaning.

[C35, §6943-f28; C39, §6943.064; C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §422.32; 81 Acts, ch 132, §7, 9; 82 Acts, ch 1023, §11, 30, ch 1103, §1111, ch 1203, §1]

83 Acts, ch 179, §12, 13, 21, 23; 84 Acts, ch 1305, §33, 34; 87 Acts, 1st Ex, ch 1, §5; 88 Acts, ch 1028, §30 – 32, 55; 92 Acts, ch 1151, §7; 94 Acts, ch 1165, §18; 95 Acts, ch 141, §1 – 3; 97 Acts, ch 158, §13, 49; 99 Acts, ch 152, §4, 40; 2003 Acts, ch 139, §8, 11, 12; 2004 Acts, 1st Ex, ch 1001, §39, 41, 42; 2005 Acts, ch 24, §7, 10, 11; 2006 Acts, ch 1140, §6, 10, 11; 2007 Acts, ch 12, §5, 7, 8; 2008 Acts, ch 1011, §6, 9; 2009 Acts, ch 60, §6; 2011 Acts, ch 25, §40; 2011 Acts, ch 41, §4 – 6; 2012 Acts, ch 1007, §5, 7, 8; 2013 Acts, ch 1, §5, 7, 8; 2013 Acts, ch 30, §88; 2014 Acts, ch 1076, §4, 6, 7; 2014 Acts, ch 1092, §89; 2015 Acts, ch 1, §5, 7, 8; 2017 Acts, ch 157, §8; 2018 Acts, ch 1026, §130; 2018 Acts, ch 1161, §87, 97, 98; 2019 Acts, ch 24, §50; 2020 Acts, ch 1062, §94

Referred to in [§422.15](#)

For applicable definition of Internal Revenue Code for a tax year prior to 2019, refer to Iowa Acts and Code for that year

2018 amendment to subsection 1, paragraph h, effective January 1, 2019, and applies to tax years beginning on or after that date; 2018 Acts, ch 1161, §97, 98

Section not amended; internal reference changes applied