

701—304.44(422) Deduction of credits.

304.44(1) *Sequencing of credit deductions.* The credits against computed tax set forth in Iowa Code sections 422.5, 422.8, 422.10 through 422.12C, 422.12N, and 422.110 shall be claimed in the following sequence:

- a. Personal exemption credit.
- b. Tuition and textbook credit.
- c. Volunteer fire fighter, volunteer emergency medical services personnel and reserve peace officer tax credit.
- d. Nonresident and part-year resident credit.
- e. Out-of-state tax credit.
- f. Franchise tax credit.
- g. S corporation apportionment credit.
- h. Alternative minimum tax credit (for tax years beginning during 2023 only).
- i. Historic preservation tax credit (when the taxpayer has elected that the credit be nonrefundable under Iowa Code section 404A.2(4)).
- j. School tuition organization tax credit.
- k. Innovation fund investment tax credit.
- l. Endow Iowa tax credit.
- m. Redevelopment tax credit.
- n. From farm to food donation tax credit.
- o. Workforce housing tax credit.
- p. Hoover presidential library tax credit.
- q. Enterprise zone investment tax credit.
- r. High quality jobs investment tax credit.
- s. Wind energy production tax credit.
- t. Renewable energy tax credit.
- u. New jobs tax credit.
- v. Beginning farmer tax credit.
- w. Agricultural assets transfer tax credit.
- x. Custom farming contract tax credit.
- y. Geothermal heat pump tax credit.
- z. Solar energy system tax credit.
- aa. Charitable conservation contribution tax credit.
- ab. Alternative minimum tax credit (for tax years beginning before January 1, 2023).
- ac. Historic preservation tax credit (when the taxpayer has elected that the credit be refundable under Iowa Code section 404A.2(4)).
- ad. High quality jobs third-party developer tax credit.
- ae. Research activities credit.
- af. Child and dependent care tax credit or early childhood development tax credit.
- ag. Motor fuel tax credit.
- ah. Claim of right credit (if elected in accordance with rule 701—300.18(422)).
- ai. Qualifying business investment tax credit (also known as angel investor tax credit).
- aj. Adoption tax credit.
- ak. E-85 gasoline promotion tax credit.
- al. Biodiesel blended fuel tax credit.
- am. E-15 plus gasoline promotion tax credit.
- an. Earned income tax credit.
- ao. Renewable chemical production tax credit.
- ap. Estimated payments, payment with vouchers, composite tax credits, and withholding tax.

304.44(2) *Order of credits carried forward from a previous tax year.* A credit carried forward from a previous tax year shall be applied against computed tax before a credit earned under the same credit program in the current tax year. However, a credit carried forward from a previous tax year cannot be

applied against computed tax before a credit earned under a different credit program in a later year that appears before it in the sequence in subrule 42.44(1). For example, a school tuition organization tax credit awarded in the current tax year must be applied against computed tax before a renewable energy tax credit carried forward from a previous tax year.

This rule is intended to implement Iowa Code sections 422.5, 422.8, 422.10, 422.11, 422.11A, 422.11B, 422.11D, 422.11E, 422.11F, 422.11H, 422.11I, 422.11J, 422.11L, 422.11M, 422.11N, 422.11O, 422.11P, 422.11Q, 422.11R, 422.11S, 422.11V, 422.11W, 422.11Y, 422.11Z, 422.12, 422.12B, 422.12C and 422.110 and 2014 Iowa Acts, House Files 2448 and 2468.

[**ARC 8702B**, IAB 4/21/10, effective 5/26/10; **ARC 9876B**, IAB 11/30/11, effective 1/4/12; **ARC 0398C**, IAB 10/17/12, effective 11/21/12; **ARC 1303C**, IAB 2/5/14, effective 3/12/14; **ARC 1744C**, IAB 11/26/14, effective 12/31/14; **ARC 6030C**, IAB 11/3/21, effective 12/8/21; Editorial change: IAC Supplement 11/2/22; **ARC 6900C**, IAB 2/22/23, effective 3/29/23; Editorial change: IAC Supplement 10/18/23]