

Overview of Tax Changes

Administration:

- Includes provisions on state and county fairs, on penalties and waiving penalties, and other matters. Establishes some penalties as a monetary amount or a percentage, whichever is greater or as a monetary amount if a percentage is not applicable
- Establishes new perjury penalties
- Includes provisions on POAs and on third party representatives
- Allows taxpayers to elect to receive notices electronically
- Includes provisions on redactions and sharing information
- Requires penalties and interest for income/franchise taxes to be paid to the DOE
- Prohibits a county recorder from charging a fee for recording a declaration of value related to the real estate transfer tax
- Specifies that money and credit returns from credit unions be on a DOR form

Sales Tax:

- Requires recorder to collect sales tax on a snowmobile/ATV if the owner cannot show that such a tax has already been paid
- Establishes an exemption for some digital products, including some digital products sold to tribal governments
- Retroactively exempts hunts on game preserves between 2005-2015 but does not allow refunds.
- Includes additional requirements to meet an exemption related to a construction contract with an exempt entity
- Makes changes related to refunds for sales tax-exempt entities
- Strikes the 6% excise tax on the purchase of manufactured homes
- Deems that retailers in the state shall collect the sales tax at the time of a sale and states the intent that this provision is consistent with current law

Income Tax:

- Allows a taxpayer to waive the entire carryback period for a net operating loss
- Allows the DOR to prescribe the manner to do so
- Allows farmers to carry a farming loss back for five years

School Tuition Organization:

- Allows the cap to increase, up to a maximum of \$20 million, if 90% of the cap of the is claimed
- Strikes the aggregate cap limiting the amount of credits claimed by corporations

Research Credit:

- Updates the research tax credit

Partnership/Pass-Through:

- Changes including establishing a 5% penalty related to federal adjustments unless the taxpayer notifies the DOR and voluntarily files an adjustment
- Makes changes to calculations for pass-through/partnership income

- Requires the state partnership representative to also be the federal partnership representative and includes other provisions on the state partnership representative.
- Makes changes to computations for interest and errors

Setoff: Establishes an effective date for new setoff procedures if those procedures are approved in other legislation

Business Interest: Decouples from federal limit on deductions of business interest

GILTI: Allows the deduction of global intangible low-taxed income under federal rules and rescinds certain current rules

Reinvestment:

- Establishes additional time for the approval of reinvestment districts and an additional \$100 million in sales/hotel tax revenues that can be used for such districts
- Includes 28E districts as municipalities and requires new districts to not exceed 75 acres
- Includes provisions on tax calculations, relocation of businesses and time extensions for districts when tax collection drop below expected

Computer Peripherals: Defines computer peripherals and exempts from the sales tax in the same way that computers are exempted from the sales tax

Broadband Grants:

- Makes definitions
- Exempts grants for broadband service given to communications companies from the state income tax
- Allows refunds for taxes paid for the 2019 tax year. Requires claims to be made by October 2020
- Effective on enactment

Assessors:

- Requires the DOR to approve the selection of assessor appointed to fill vacancies
- Prohibits assessor from assessing their own/family property

PPP: Excludes federal paycheck protection funds from the income tax

Out-of-state credits: Deems that the resident partner of a partnership, trust or S-Corp to have paid certain out-of-state/foreign taxes if appropriate documentation is shown and includes similar provisions for resident shareholders of a regulated investment company

Horse Racing: Allows the Racing & Gaming Commission to adjust horse racing days after an emergency declaration

Bonus Depreciation: Deems that the state will couple with Section 179 increased expensing (federal bonus depreciation) going forward in the future

Married Taxpayers: Deems that relief from joint liability is available for all the reasons allowed under federal law and the DOR to intervene and grant relief to a spouse not asking for relief

Pass-Through Credit: Allows a pass-through entity awarded a refundable corporate sales tax credit to pass the credit through to the owners of the entity

529/Apprenticeship ([aligning with federal changes](#)):

- Allows the use of 529 education savings funds to be used for apprenticeships
- Allows a person contributing to a 529 Education Savings Plan between 1/1/20 and 7/31/20 to count the contribution in 2019

Homebuyers: Allows a person who opened a First-Time Homebuyer Account in 2019 to have that account designated as such up to 7/31/20

PPE: Exempts donations of qualifying PPE during the pandemic from the use tax

Rentals: Prohibits cities and counties from adopting ordinances banning short-term rentals

Income Tax Cuts: Strikes the trigger requirements for future income taxes and makes those cuts as of 2023

Lake Improvement Zones: Changes current law to allow counties under 20,000 to designate a rural improvement zone around a lake if the supervisors receive a petition on the matter and the supervisors determine that the area is need of improvement

Stimulus Money: Includes any student grants or stimulus checks from the Iowa income tax