

## IOWA COUPLING DIFFERENCES

**NOTE:** IOWA HAS NOT ADOPTED ANY FEDERAL INCOME TAX CHANGES THAT BECAME EFFECTIVE AFTER 1/1/08, WITH THE EXCEPTION OF THE FOLLOWING TWO ITEMS FOR 2008.

- **Depreciation (2008 tax year only)** - increased IRC §179 expensing to \$250,000.
- **Research Activities Credit (2008 tax year only)** - as it relates to calculation of the Iowa research activities credit.

ALL OTHER 2008 AND/OR 2009 FEDERAL INCOME TAX CHANGES ARE NOT APPLICABLE TO IOWA.

### 2008 - 2009 COUPLING DIFFERENCES:

1. Tuition and Fees Deduction - IRC §222
2. Educator Expense Deduction - IRC §62(a)(2)(D)
3. Itemized Deduction for State and Local Sales Tax - IRC §164(b)(5)(I)
4. Tax-free IRA Distributions for Those Age 70 ½ and older up to \$100,000 (charitable deduction may be claimed on Schedule A if taxpayer itemizes) - IRC §403(d)(8)(F)
5. Additional Standard Deduction for Real Property Tax Paid - IRC §63(c)(1)(C)
6. Depreciation - Additional 50% First Year - IRC §168(k)
7. Depreciation - 15-year SL for Qualified Leasehold and Restaurant Building Improvements **NOTE:** Otherwise 39-yr. life. - IRC §168(e)(3)(E)
8. Race Horses ≤ 2 Years Old (Iowa = 7-yr. property) - IRC §168(a)(3)(A)(i)
9. Charitable Contributions - Special Rules for Qualified Conservation Donations - IRC §170(b)(1)(E)&(2)
10. Gain on Sale of Personal Residence - Surviving Spouse (enhanced exclusion - \$500,000 if sold within 2 years of date of death of spouse) - IRC §121(b)(4)
11. Volunteer Firefighters/EMS Fringe - Gross Income Exclusion (up to \$30 per month) - IRC §139B
12. NOL (3, 4 or 5 Yr.) Carryback for Small Businesses (2008 only) - IRC §172(b)(1)(H)

### MIDWESTERN DISASTER AREA PROVISIONS

1. Additional Deduction for Casualty Losses (\$100 per casualty limit increased to \$500)
2. Itemized Deductions for Disaster Loss without 10% AGI Test or Minimum \$100 Floor
3. Distributions from Qualified Retirement Plans - eligible for ratable 3 yr. spread for income reporting (Iowa = current yr.)
4. Penalty-free Loans from Qualified Retirement Plans (Iowa = inclusion in income)
5. Waiver of Limitation on Charitable Contributions for Relief
6. Increase in Charity Standard Mileage Rate **NOTE:** Iowa rate = 39¢
7. Exclusion of Non-Business Debt Cancellation from Income (individuals with principal residence in area)
8. Expensing of Qualified Disaster Expenses for Small Business
9. Loss of Dependency Status (temporary relocation of dependents - 6 mos. or greater)
10. Value of Lodging Fringe - Victim Employee (up to \$600/mo.) (Iowa = taxable to recipient)
11. Replacement Period for Nonrecognition of Gain - (4 yrs. vs. 5 yrs.)
12. Expanded Net Operating Loss Carryback Periods for 2008

**2009 COUPLING DIFFERENCES:**

1. Unemployment Compensation - exclusion of the first \$2,400 - IRC §85(c)
2. Additional Standard Deduction - Sales Tax on New Motor Vehicle Purchases (passenger auto, light truck or motorcycle with GVW of not more than 8,500 lbs. and motor homes) on purchase price up to \$49,500 - IRC §164(b)(6)  
**NOTE:** Result on Sales Tax for Business Use Vehicle
3. Depreciation - Increased IRC §179 expensing to \$250,000 (Iowa 2009 Limit = \$133,000)
4. Depreciation - 5-Year Depreciation for New Farm Equipment (Iowa = 7 yrs.) - IRC §168(e)(3)(B)(vii)
5. Depreciation - 15-Year SL Depreciation for Qualified Retail Improvement Property. Also, Restaurant Building Improvements (buildings in use for 3 years or less). **NOTE:** Otherwise, 39-yr. life. - IRC §168(e)(3)(E)
6. Qualified Small Business Stock Gain Exclusion (increase from 50% to 75%) - IRC §1202(a)(1)
7. Bicycle Commuting Fringe (up to \$20/mo.) - Iowa = taxable to recipient - IRC §132(f)(1)
8. Van Pool and Transit Pass Fringe (increase from \$120/mo. to \$230/mo.) - IRC §132(f)(2)&(6)
9. Energy-Efficient Commercial Building Deduction - IRC §179D (w/o extension expired 12/31/08)

**2008 - 2009 COUPLING DIFFERENCES - CORPORATIONS:**

1. Additional 50% First-Year Depreciation - IRC §168(k)
2. Treatment of NOL Attributable to Midwestern Disaster
3. Additional 50% First-Year Depreciation - Certain Reuse and Recycling Property
4. Enhanced Charitable Contribution Deductions (computers, food inventory, books to public schools) - also 2008 Midwestern Disaster Area enhancements

**2009 COUPLING DIFFERENCES - CORPORATIONS:**

1. No Corporate Net Operating Loss Carryback

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