

Income/Franchise:

Iowa: New Law Requires Pass-throughs to File Composite Returns on behalf of Nonresident Members

S.F. 608, signed by gov. 6/8/21. Applicable to tax years beginning on or after January 1, 2022, newly enacted legislation requires some pass-through entities (including some tiered pass-through entities) to file an Iowa composite return on behalf of all nonresident members, reporting and paying applicable Iowa income or franchise tax at the maximum state income or franchise tax rate applicable to the respective members on their distributive shares of income from such pass-through entities. A nonresident member that has been included on such filed composite returns “shall receive credit for Iowa income or franchise tax paid on the nonresident member’s behalf by the pass-through entity, and any amounts in excess of the nonresident member’s Iowa tax liability for the applicable tax period may be refunded to the nonresident member with interest.” Please contact us with any questions.

URL: <https://www.legis.iowa.gov/legislation/BillBook?ba=SF608&ga=89>

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