

Income/Franchise:

Iowa: Adopted Rules Reflect State Treatment of Interest Expense Limitations under IRC §163(j)

Adopted Regs. Sections 701 – 40.85(422), 50.39(422), 59.31(422) [ARC 5733C], Iowa Dept. of Rev. (6/30/21). The Iowa Department of Revenue adopted administrative rules implementing adjustments to income for Iowa individual and corporate income and franchise taxes for interest expense deductions under Internal Revenue Code (IRC) section 163(j), which are limited for federal income tax purposes but which are permitted in full for Iowa purposes for tax years beginning on or after January 1, 2020 [see H.F. 2641 (2020), and *State Tax Matters*, Issue 2020-26, for details on related law changes enacted in 2020, as well as S.F. 619 (2021) and previously issued Multistate Tax Alert for details on related law changes enacted in 2021]. The adopted rules also cover adjustments that may be needed due to Iowa's changing conformity with these federal business interest expense limitations for tax years 2018 and 2019. Please contact us with any questions.

URL: <https://www.legis.iowa.gov/docs/aco/bulletin/06-30-2021.pdf>

URL: <https://www.legis.iowa.gov/legislation/BillBook?ga=88&ba=hf2641>

URL: https://newsletters.usdbriefs.com/2020/Tax/STM/200703_4.html

URL: <https://www.legis.iowa.gov/legislation/BillBook?ga=89&ba=sf619>

URL: <https://www2.deloitte.com/content/dam/Deloitte/us/Documents/Tax/us-tax-mta-iowa-enacts-tax-relief-bill-that-includes-several-income-tax-law-changes.pdf>

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