

Income/Franchise:

Iowa: New Law Provides Franchise Tax Rate Reductions for Some Financial Institutions

S.F. 2367, signed by gov. 6/17/22. New law phases in over five years Iowa franchise tax rate reductions for certain defined “financial institutions,” resulting in the following Iowa franchise tax rates for these types of entities:

URL: <https://www.legis.iowa.gov/legislation/BillBook?ga=89&ba=SF2367>

- For tax years beginning before January 1, 2023, a tax rate of 5%;
- For tax years beginning on or after January 1, 2023, but before January 1, 2024, a tax rate of 4.7%;
- For tax years beginning on or after January 1, 2024, but before January 1, 2025, a tax rate of 4.4%;
- For tax years beginning on or after January 1, 2025, but before January 1, 2026, a tax rate of 4.1%;
- For tax years beginning on or after January 1, 2026, but before January 1, 2027, a tax rate of 3.8%; and
- For tax years beginning on or after January 1, 2027, a tax rate of 3.5%.

Another tax provision in the bill eliminates Iowa’s sales and use tax exemption on the sales price from the sale or rental of computers or computer peripherals by an insurance company, financial institution, or commercial enterprise. Please contact us with any questions.

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