

Income/Franchise:

Iowa DOR Issues Some Answers to FAQs on New Elective Pass-Through Entity Tax

Pass-Through Entity Tax (PTET), Iowa Dept. of Rev. (7/20/23). The Iowa Department of Revenue (Department) issued some answers to frequently asked questions (FAQs) addressing its implementation of Iowa's elective pass-through entity level tax (PTE tax) for taxable years beginning on or after January 1, 2022 [see H.F. 352 (2023) and previously issued Multistate Tax Alert for more details on this new PTE tax]. Among the topics addressed in the FAQs is eligibility to pay the new tax, how to make the election, underlying income tax credit eligibility and allowance, how to file and calculate the new tax, making estimated payments, and the PTE tax's interaction with the Iowa "PTE-C Composite Return." This guidance follows the Department's earlier request for input and questions from taxpayers about the new PTE tax [see *State Tax Matters*, Issue 2023-21, for more details on this earlier request for input]. Please contact us with any questions.

URL: <https://tax.iowa.gov/pass-through-entity-tax>

URL: <https://www.legis.iowa.gov/legislation/BillBook?ga=90&ba=hf352>

URL: <https://www2.deloitte.com/content/dam/Deloitte/us/Documents/Tax/us-tax-multistate-tax-alert-iowa-enacts-pass-through-entity-tax-election.pdf>

URL: https://dhub.blob.core.windows.net/dhub/Newsletters/Tax/2023/STM/230526_1.html

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