

Name(s) _____ SSN or FEIN _____

Pass-Through Entity (if applicable) _____ Pass-Through FEIN _____

Part I - Computation of Iowa depreciation adjustment. See instructions before completing.

A. Description of Property	B. Date Placed in Service	C. Life of Asset	D. Cost or Other Basis	E. Federal 179 Expense	F. Federal Depreciation Deduction	G. Accumulated Federal Depreciation	H. Iowa 179 Expense	I. MACRS Iowa Depreciation Deduction	J. Accumulated Iowa Depreciation
Total amounts in columns E, F, H, and I									

Part II - Disposition adjustments

If you have disposed of property and an Iowa depreciation adjustment was applied to this property, continue with Part II; otherwise, skip to Part III.

A. Description of Property Sold or Disposed	B. Date Placed in Service- MM/DD/YY	C. Date Sold or Disposed MM/DD/YY	D. Total Iowa Depreciation + Sec. 179 Expense Taken	E. Total Federal Depreciation + Sec. 179 Expense Taken	F. Adjustment (subtract column E from column D)
Total amounts in column F					

Part III - Summary of adjustments to net income

1. Enter the sum of amounts from Part I, columns E and F..... 1. _____
2. Enter the sum of amounts from Part I, columns H and I..... 2. _____
3. Adjustment to depreciation. Subtract line 2 from line 1 3. _____
4. Enter the amount from Part II, column F..... 4. _____
5. Add lines 3 and 4. This amount must be reported on your tax return.
See table in Part III of the instructions for specific form and line references... 5. _____

Include this form with your Iowa income tax return.



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Name(s) _____ SSN or FEIN _____

Part IV – Section 179 pass-through recipient special election and deductions. See instructions.

1. Section 179 expense allocated from Partnerships, S Corporations, and Limited Liability Companies.

- a. Enter the section 179 expense amount shown on line 12, column (a) of all IA 1065 Schedule K-1s..... a. _____
- b. Enter any section 179 expense amount(s) shown on line 12 of all federal Schedule K-1s, form 1065 from entities that did not provide an IA 1065 Schedule K-1..... b. _____
- c. Enter the section 179 expense amount shown on line 11, column (a) of all IA 1120S Schedule K-1s..... c. _____
- d. Enter any section 179 expense amount(s) shown on line 11 of all federal Schedule K-1s, form 1120S from entities that did not provide an IA 1120S Schedule K-1.. d. _____

Total sum of a, b, c, and d. If more than \$1,000,000, enter \$1,000,000..... 1. _____

Is the amount on line 1 less than \$70,000 (Iowa section 179 expense limitation for tax year 2018)?

If YES, STOP completing Part IV. You are not eligible for the special election. Complete the IA 4562A as instructed in Part I.

If NO, you are eligible for the special election deduction. Enter \$70,000 in a separate row of the IA 4562A, Part I, column H, write “Part IV” in Part I column A, and enter the amount shown on Part IV, line 1 above in Part I Column E. Continue completing Part IV. If you choose not to make the special election, see instructions.

2. Limitation..... 2. \$70,000

3. Subtract line 2 from line 1. Enter the result here. 3. _____

4. Special election deduction. Multiply line 3 by 0.20. Enter the result in each box of the table below.

a. 2019: _____ b. 2020: _____ c. 2021: _____ d. 2022: _____ e. 2023: _____



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Name(s) _____ SSN/FEIN _____

Note: Use this form to record the cumulative effect of depreciation adjustments computed on form IA 4562A.

Tax Period Ending Date	IA 4562A Adjustment Amount from Part III, Line 5	Balance

Instructions to 4562B

Tax Period Ending Date: Start with the tax period that you first made an adjustment for depreciation or section 179 expensing on the Iowa return. Continue entering each subsequent tax period up to, and including, the current period.

IA 4562A Adjustment: Enter the amount added/deducted on the Iowa return for each tax period. This should be the amount entered in Part III, line 5 of the IA 4562A. Enter negative numbers in parenthesis. Place an asterisk (*) after the tax period if the IA 4562A adjustment was changed from the amount originally claimed. You must provide copies of the prior tax periods' IA 4562As if requested by the Department. Failure to provide copies of the prior tax periods' IA 4562As will delay the processing of your return or cause the denial of your adjustment. Do not send copies of the asset listings that are required with the IA 4562A.

Balance: The balance amount for the first tax period should be the same as the amount of the adjustment. For each subsequent tax period, the balance amount should be changed by the amount of that tax period's IA 4562A adjustment.

Include this form with your Iowa tax return.



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2018 IA 4562A Instructions

This form must be completed if taxpayer:

- Claimed the 30% bonus depreciation deduction for assets acquired after September 10, 2001, but before May 6, 2003, under the Job Creation and Worker Assistance Act of 2002.
- Claimed bonus depreciation on federal form 4562, Depreciation and Amortization; federal form 2106, Employee Business Expenses; Schedule C, Profit or Loss from Business; Schedule F, Profit or Loss from Farming, or any other federal form where depreciation was deducted.
- Disposed of property during the tax year, and Iowa depreciation adjustments were made to the property in previous tax years.
- Claimed 50% bonus depreciation for assets acquired after May 5, 2003, but before January 1, 2005, for federal tax purposes, but chose not to claim this for Iowa tax purposes.
- Claimed 50% or 100% bonus depreciation for assets acquired after December 31, 2007, but before a tax year beginning on or after January 1, 2019, for federal tax purposes.
- Claimed the federal section 179 expense in excess of \$25,000 for tax years beginning on or after January 1, 2003, but beginning before January 1, 2006, and the taxpayer chose to claim no more than \$25,000 for Iowa tax purposes.
- Claimed the federal section 179 expense in excess of \$133,000 for tax years beginning on or after January 1, 2009, but before January 1, 2010.
- Claimed 5-year depreciation on certain new farming machinery and equipment purchased in 2009. For property used in a farming business that is placed in service after December 31, 2017, and before a tax year beginning on or after January 1, 2019, taxpayers are required to use the 150% declining balance method for Iowa purposes.
- Claimed the federal section 179 expense in excess of \$25,000 for tax years beginning on or after January 1, 2016, but before January 1, 2018.
- Claimed the federal section 179 expense in excess of \$70,000 for tax years beginning on or after January 1, 2018, but before January 1, 2019.
- Claimed a like-kind exchange of personal property in tax year 2018 for Iowa tax purposes on IA 8824 which resulted in a different basis for Iowa and federal tax purposes in the personal property received in the exchange.
- Placed a passenger vehicle in service during tax year 2018 and claimed regular first-year federal depreciation in excess of \$3,560 for trucks and vans, or \$3,160 for other passenger vehicles.
- Claimed federal cost recovery adjustments resulting from federal Tax Cuts and Jobs Act of 2017 sections 13202 (adjustments to computers as listed property), 13203 (modifications to treatment of certain farm property), 13204 (applicable recovery period for real property), or 13205 (use of alternative depreciation system for electing farm businesses).
- Claimed certain federal cost recovery adjustments during tax year 2018 resulting from the Taxpayer Certainty and Disaster Tax Relief Act of 2019, Public Law 116-94. For more information, see the Iowa nonconformity guidance available at tax.iowa.gov/iowa-nonconformity-taxpayer-certainty-and-disaster-relief-act-2019
- Claimed federal cost recovery adjustments during tax year 2018 resulting from CARES Act, Public Law 116-136, section 2307 (Qualified Improvement Property). For more information, see Iowa nonconformity guidance available at tax.iowa.gov/cares-conformity.

Part I

If a taxpayer has a section 179 expensing allowance allocated from one or more partnerships, S-corporations, or limited liability companies electing to have the income taxed directly to individuals, complete Part IV before completing Part I.

List each item of property falling within the parameters listed above. A separate schedule can be included listing all qualifying property. Grouping of assets by class is also permitted. For example, all 3-year assets or all 5-year assets, etc., may be grouped together. If assets are grouped, the taxpayer is responsible to maintain all records necessary to support how each item was grouped.

Compute the amount of federal depreciation using the federal depreciation method and the amount of Iowa depreciation using the MACRS method taking into account any required nonconformity adjustment.

Column E: If you received an IA 1065 Schedule K-1, or IA 1120S Schedule K-1, enter the amount shown on line 12(a) of the 1065 or line 11(a) on the 1120S in Column E for any section 179 expense received from that entity. For any 179 expensing not reported to you on an IA K-1 enter the amount of section 179 expense shown on your federal return.

Column H: The Iowa section 179 expense amount entered in Column H is limited to your business income in the same manner that the section 179 deduction is limited for federal purposes. The following worksheet is provided to assist you in properly calculating your Iowa section 179 expense, applying the business income limitation, and calculating your carryover to future years, if any. Do not include this worksheet with your return, but keep it for your records. You are responsible for providing documentation of any carryover at the Department's request. For more information on section 179 expensing, see Iowa administrative rules 701-40.65, 53.23, and 59.24.

1. **Elected Iowa section 179 expense.** If you are making a special election under IA 4562A, Part IV, enter \$70,000. Otherwise, enter your total allowable Iowa section 179 expense from the assets listed in IA 4562A, Part I, Column A, as adjusted for any Iowa nonconformity, including but not limited to the applicable lower Iowa dollar and reduction limitations..... _____
2. **Iowa section 179 expense carryover from 2017.** Enter your total Iowa section 179 expense carryover from 2017, if any. This amount may be different than any federal section 179 expense carryover you have because of Iowa nonconformity. _____
3. **Tentative Iowa section 179 expense deduction.** Add lines 1 and 2 and enter here. This is your tentative Iowa section 179 expense deduction..... _____

4. **Business income limitation.** Enter your business income limitation from 2018 federal Form 4562, line 11. This business income amount should be adjusted by any items of Iowa nonconformity except an Iowa section 179 expense adjustment..... _____
5. **Allowable 2018 Iowa section 179 expense deduction.** Enter the smaller of the amount entered on line 3 or 4, but not to exceed your Iowa dollar and reduction limitations for this year, as described above. This is your allowable 2018 Iowa section 179 expense deduction. This amount should match the total amount you entered in IA 4562A, Part I, Column H, so make adjustments to Column H to match this amount, if necessary, before completing IA 4562A, Part III..... _____
6. **Iowa section 179 expense carryover.** Subtract line 5 from line 3. If zero or less, enter zero. This is your Iowa section 179 expense carryover amount to 2019. _____

Total the amount of the federal depreciation in columns E and F and the Iowa depreciation in columns H and I and enter on Part III of the form. The accumulated depreciation amount in columns G and J should include the total amounts of depreciation and section 179 expense for the life of the asset(s).

Part II

If you have not sold or disposed of property for which an Iowa depreciation adjustment was applied, you may skip Part II of this form. Dispositions of personal property given up in a qualifying Iowa like-kind exchange on IA 8824 should not be included in Part II of this form.

For each item of property listed, determine the difference between federal depreciation and Iowa MACRS depreciation used in the computation of federal and Iowa taxable income in prior and current years.

If you sold or disposed of property this year, and the Iowa depreciation adjustment was applied to the property in any prior

years, you must make the applicable depreciation catch-up adjustment to adjust the basis of the property for Iowa purposes.

A separate schedule can be attached listing all qualifying sales or dispositions, and grouping of assets by class is also permitted as described in Part I. Total the amount in column F and enter on Part III of the form.

Part III

Compute the net adjustment using Part I and Part II. Enter the amount from line 5 on the applicable Iowa form as noted below.

Iowa Form:	Enter positive amounts from line 5 on:	Enter negative amounts from line 5 on:
1040	Other income, line 14	Other income, line 14
1041	Other income, line 8	Other income, line 8
1065	Part III, line 3	Part III, line 6
1120	Schedule A, depreciation adj., line 8	Schedule A, depreciation adj., line 8
1120S	Part III, line 3	Part III, line 7
1120F	Schedule A, line 5	Schedule D, line 7

Continue to form IA 4562B, Iowa Accumulated Depreciation Adjustment Schedule.

Part IV

Part IV provides a special election for taxpayers who are allocated a section 179 expense for tax year 2018 from one or more partnerships, S-corporations, or limited liability companies that exceed the applicable limitation for the tax year.

A taxpayer that is allocated a section 179 expense from a pass-through entity must adjust their basis in the property for Iowa purposes by the full amount of the section 179 expense passed through in the year the section 179 expense is received. This is true even if some of the expense will be recovered through the special election deductions in future tax years. The special

election deduction calculated under this Part IV does not make a taxpayer's Iowa basis different from their federal basis in any asset.

An eligible taxpayer that elects to claim the special election provided in Part IV shall not claim an Iowa section 179 deduction for any assets placed in service by the taxpayer during tax year 2018. However, the taxpayer may depreciate such assets using the MACRS method without any bonus depreciation. Enter and track this depreciation on IA 4562A, Part I.

An eligible taxpayer elects to claim the special election deduction for tax year 2018 by completing Part IV through line 4 and including the 2018 IA 4562A with your 2018 Iowa tax return. A proper election allows you to carryover the excess section 179 expense and deduct it in future tax periods, as provided on line 4.

If you cannot, or do not make the special election, follow the Part I instructions for each asset for which you received a section 179 expense deduction. If you do not make the special election, any section 179 expensing amount received in tax year 2018 in excess of the applicable 2018 Iowa cap will be lost, and cannot be deducted or recovered through depreciation.

Example: XYZ, an eligible taxpayer, computes an excess section 179 expense of \$100,000 for tax year 2018 on line 3. If XYZ does not properly claim the special election by completing line 4 and including the 2018 IA 4562A with XYZ's 2018 Iowa tax return, the entire \$100,000 excess will be lost, and cannot be deducted or recovered through depreciation. If XYZ does properly claim the special election deduction, XYZ will be allowed a deduction from income of \$20,000 ($\$100,000 \times .20$) for each of the next five tax years (2019, 2020, 2021, 2022, and 2023). These future deductions are in addition to XYZ's allowable \$70,000 deduction for tax year 2018.

Special election deduction amounts in future tax years are limited to the taxpayer's business income for that year, in the same manner as a federal section 179 deduction is limited for federal purposes. Any amount in excess of that business income may be added to, and treated in the same manner as, other Iowa section 179 deduction carryforwards.

The procedure for reporting special election deduction amounts in future tax years will be provided in the future on the instructions for the applicable return for your tax type. Keep a copy of Part IV for your records.