



## SUMMARY OF TAX YEAR 2023 FORM CHANGES

The Iowa Department of Revenue has released 2023 Iowa income tax forms to our secure site for software developers and has communicated these actions to the National Association of Computerized Tax Processors (NACTP), software developers, and other interested parties. In a July 14, 2023 communication to NACTP and software developers, the Department outlined a number of legislative changes regarding Iowa individual income taxes and on September 7, 2023, a communication was sent to NACTP and software developers regarding legislative changes to Iowa business income taxes. A summary of those communications and the significant changes made to tax forms can be found below.

Software developers were notified that the Iowa 1040 was released to the Department's secure site on August 31, 2023, and has since been updated. Additionally, to allow time for development and testing prior to the start of tax filing season in January of 2024, the following forms were uploaded to our secure site on September 15, 2023:

### Corporation Income Tax

- IA 1120 Iowa Corporation Income Tax Return (42-001)
- IA Corporation Schedule H (42-021)
- IA Corporation Schedule I/J (42-022)
- IA Corporation Schedule L (42-025)
- IA Corporation Schedule M, Iowa Affiliated Group P.L. Entities (86-272)

### Forms Common to Multiple Tax Types

- IA 101 Nonconformity Adjustments (42-029)
- IA 103 Pass-through Audit Election to Pay Schedule (41-172)
- IA 8882 Employer Child Care Tax Credit (41-168)
- First-Time Homebuyer Savings Account - Annual Report (41-164)
- IA 1139-CAP Application of Refund Due to the Carryback of Capital Losses (42-028)
- IA 124 NOL Adjustment Schedule (41-177)
- IA 102 Amended Return Schedule (41-171)
- IA 126 Iowa Nonresident and Part-year Resident Credit Schedule
- IA 128 Iowa Research Activities Tax Credit (41-128)
- IA 128S Iowa Alternative Simplified Research Activities Tax Credit (41-124)
- IA 130 Iowa Out-of-State Tax Credit Schedule
- IA 133 Iowa New Jobs Tax Credit
- IA 134 Iowa S Corporation Apportionment Tax Credit
- IA 135 Iowa E85 Gasoline Promotion Tax Credit
- IA 138 Iowa E15 Plus Gasoline Promotion Tax Credit
- IA 147 Iowa Franchise Tax Credit
- IA 148 Iowa Tax Credits Schedule (41-148)
- IA 163 Interest Expense Adjustments (42-039)
- IA 177 Iowa Adoption Tax Credit
- IA 178 Iowa Farm to Food Donation Tax Credit
- IA 2210F Iowa Underpayment of Estimated Tax by Farmers and Fishers



- IA 2220 Underpayment of Estimated Tax
- IA 2440 Disability Income Exclusion (41-127)
- IA 4136 Iowa Fuel Tax Credit
- IA 8801 Iowa Alternative Minimum Tax Credit - Individuals, Estates, and Trusts
- IA 8864 Iowa Biodiesel Blended Fuel Tax Credit
- IA Schedule DE Iowa Disregarded Entity Schedule (41-179)
- IA Schedule D Nonbusiness Income w/ Instructions (42-014)
- IA PTE-C Iowa Composite Return (41-174)
- IA Schedule CC Iowa Composite Credits Schedule (44-178)
- IA 4562A & IA 4562B Iowa Depreciation Adjustment (41-105)

#### **Fiduciary Income Tax**

- IA 1041 Iowa Fiduciary Return (63-001)
- IA 1041 Iowa Fiduciary Schedule K-1 (63-009)

#### **Franchise Income Tax**

- IA Franchise Schedule 59F (43-007)
- IA 1120F Iowa Franchise Return for Financial Institutions

#### **Individual Income Tax**

- IA 1040 Iowa Individual Income Tax Return
- IA 100A Capital Gain Deduction - Livestock (41-155)
- IA 100B Capital Gain Deduction - Farm Property (41-156)
- IA 100C Capital Gain Deduction - Business Property (41-157)
- IA 100D Capital Gain Deduction - Timber (41-158)
- IA 100E Capital Gain Deduction - Business (41-159)
- IA 100F Capital Gain Deduction - ESOP (41-160)
- IA 100G Capital Gain Deduction - Retired Farmers (41-184)
- IA 100H Capital Gain Deduction - Nonretired Farmer (41-185)
- IA 100J Capital Gain Deduction - Capital Stock Election (41-186)
- IA 2210 Schedule AI Annualized Income Installment Method (45-011)
- IA 2210 Underpayment of Estimated Tax by Individuals (45-007)
- IA 2210S Short Method Underpayment of Estimated Tax by Individuals (45-012)
- IA 125 Farm Tenancy Income Exclusion (41-187)

#### **Partnership Income Tax**

- IA 1065 Iowa Partnership Return of Income (41-016)
- IA 1065 Schedule K-1 (41-018)

#### **S Corporation Income Tax**

- IA 1120S Iowa Income Tax Return for S Corporations (42-004)
- IA 1120S Schedule K-1 (42-008)

If you didn't receive this update directly, please [subscribe](#) to our Department updates! Thank you for your support and cooperation as we adapt the legislative changes and update our forms. We value our partnership with you, and are committed to keeping you informed throughout this process.



## Individual Income Tax

### Notable Legislative and Other Changes

- The starting point for Iowa individual income tax is the federal taxable income, not the federal adjusted gross income.
- Require the use of tax rate schedules to calculate Iowa income tax due, instead of tax tables.

### Forms Changes

- IA 1040 - Iowa Individual Income Tax Return
- IA 124 (**new**) - NOL Adjustment Schedule
- IA 126 - Iowa Nonresident and Part-Year Resident Credit Schedule
- IA 130 - Iowa Out-of-State Tax Credit Schedule
- IA 100G (**new**) - Iowa Capital Gains Deduction - Retired Farmers
- IA 100 H (**new**) - Iowa Capital Gains Deduction - Non Retired Farmer
- IA 100 J (**new**) - Iowa Capital Gains Deduction - Capital Stock Election

### Discontinued forms in 2023:

- IA 1040X - Amended Iowa Individual Income Tax Return
- IA 1040C - Composite Individual Income Tax Return for Nonresidents
- IA 1040 Schedule A - Iowa Itemized Deductions
- IA 1040 Schedule B - Iowa Interest and Dividend Income
- IA 123 Net Operating Loss (NOL) Schedule
- IA 6251 - Iowa Alternative Minimum Tax - Individuals

## Business Income Tax

### Notable Legislative and Other Changes

- Starting point for Iowa corporate income tax is the federal taxable income, not the federal taxable income before the net operating loss
- Iowa adopted a pass-through entity tax (PTET), SALT cap workaround. Beginning with the 2023 forms, the IA 1065 and IA 1120S will provide a mechanism to elect into this voluntary tax
  - IA 1065 and IA 1120S filers who make this election will also be required to make estimated payments, and will be required to file the IA 2220
- Mandatory electronic filing for certain IA 1120, IA 1120F, IA 1065, IA 1120S, and IA PTE-C filers
- Research Activities Credits caused substantial changes to the IA 128 and IA 128S
- Several Iowa modifications have been repealed for 2023, resulting in a number of lines being removed and reserved for future use on the:
  - IA 1120, Schedule A
  - IA 1065, Schedule A
  - IA 1120S, Schedule A
- IA 1120F Schedules A and D have been consolidated into a single IA 1120F Schedule A
- New lines added to the Iowa business activity ratio (BAR) schedule for filers using:
  - IA 1120
  - IA 1065
  - IA 1120S

### Forms Changes

- IA 124 (**new**) - NOL Adjustment Schedule
- IA 1120 and IA 1120F - Altered taxable income calculation
- IA 1065 - Iowa Partnership Return of Income
- IA 1120S - Iowa Income Tax Return for S Corporations
- IA 128 and IA 128S - Research Activities Credit Forms
- IA 134 - S-Corp Apportionment Credit substantially reorganized
- IA 8882 (**new**) - Administers the Iowa Employer Child Care Tax Credit
- New lines added to the Iowa business activity ratio (BAR) schedule for filers using:
  - IA 1120
  - IA 1065
  - IA 1120S