

Name(s) \_\_\_\_\_ Social Security Number \_\_\_\_\_

**Mark the appropriate box for you and your spouse**

- You are a nonresident of Iowa  ▲ Your spouse is a nonresident of Iowa  ▲  
 You are a part-year resident of Iowa  ▲ Your spouse is a part-year resident of Iowa  ▲  
 Date moved into Iowa: \_\_\_\_\_ and/or Date moved into Iowa: \_\_\_\_\_ and/or  
 Date moved out of Iowa: \_\_\_\_\_ Date moved out of Iowa: \_\_\_\_\_  
 You are a full-year resident of Iowa  Your spouse is a full-year resident of Iowa

**Iowa-Source Income**

	B. Spouse	A. You or Joint
1. Wages, salaries, tips, etc .....	1. _____ .00	_____ .00
2. Taxable interest income .....	2. _____ .00	_____ .00
3. Ordinary dividend income.....	3. _____ .00	_____ .00
4. Alimony received.....	4. _____ .00	_____ .00
5. Business income or (loss) .....	5. _____ .00	_____ .00
6. Capital gain or (loss) .....	6. _____ .00	_____ .00
7. Other gains or (loss).....	7. _____ .00	_____ .00
8. Taxable IRA and distributions .....	8. _____ .00	_____ .00
9. Taxable pensions and annuities.....	9. _____ .00	_____ .00
10. Rents, royalties, partnerships, estates, etc.....	10. _____ .00	_____ .00
11. Farm income or (loss) .....	11. _____ .00	_____ .00
12. Unemployment compensation.....	12. _____ .00	_____ .00
13. Gambling winnings.....	13. _____ .00	_____ .00
14. Other income, bonus depreciation, and section 179 adjustment.....	14. _____ .00	_____ .00
15. Gross income. Add lines 1-14 .....	15. _____ .00	▲ _____ .00
16. Payments to an IRA, Keogh, or SEP while an Iowa resident .....	16. _____ .00	_____ .00
17. Deductible part of self-employment tax .....	17. _____ .00	_____ .00
18. Health insurance premium .....	18. _____ .00	_____ .00
19. Penalty on early withdrawal of savings .....	19. _____ .00	_____ .00
20. Alimony paid .....	20. _____ .00	_____ .00
21. Pension/retirement income exclusion.....	21. _____ .00	_____ .00
22. Moving expense deduction into Iowa only.....	22. _____ .00	_____ .00
23. Iowa capital gain deduction.....	23. _____ .00	_____ .00
24. Other adjustments.....	24. _____ .00	_____ .00
25. Total adjustments. Add lines 16-24.....	25. _____ .00	▲ _____ .00
26. Iowa Net Income. Subtract line 25 from line 15.....	26. _____ .00	_____ .00
27. All-source net income from line 26, IA 1040.....	27. _____ .00	_____ .00

100.0%

100.0%

28. Iowa income percentage: Divide line 26 by line 27 and enter percentage rounded to nearest tenth of a percent. This can be no more than 100.0% and no less than 0.0% .....
28. \_\_\_\_\_ % \_\_\_\_\_ %
29. Nonresident/part-year resident credit percentage:  
 Subtract the percentage on line 28 from 100.0% .....
29. \_\_\_\_\_ % \_\_\_\_\_ %
30. Iowa tax on total income from line 39, IA 1040 .....
30. \_\_\_\_\_ .00 \_\_\_\_\_ .00
31. Total Credits from line 46, IA 1040.....
31. \_\_\_\_\_ .00 \_\_\_\_\_ .00
32. Tax after credits. Subtract line 31 from line 30.....
32. \_\_\_\_\_ .00 \_\_\_\_\_ .00
33. Nonresident/part-year resident credit. Multiply line 32 by the percentage on line 29. Enter this amount on line 48, IA 1040.....
33. \_\_\_\_\_ .00 \_\_\_\_\_ .00



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## 2017 IA 126 Instructions

### Who must file?

Complete this form if you or your spouse are a nonresident of Iowa with income from Iowa sources, or a part-year Iowa resident.

### Iowa and Illinois reciprocal agreement

Any wages or salaries earned by an Iowa resident working in Illinois are taxable only to Iowa and not to Illinois. Any wages or salaries earned by an Illinois resident working in Iowa are taxable only to Illinois and not to Iowa. Iowa will tax any Iowa-source income received by an Illinois resident that is not from wages or salaries. Illinois may tax any Illinois-source income received by an Iowa resident that is not from wages or salaries. Examples: self-employment/business income, gambling winnings and unemployment compensation from Iowa sources.

### Instructions

Include this form and a copy of your federal return with your IA 1040. Report only Iowa-source income on the IA 126.

When using filing status 3 (married filing separately on the combined return) on your IA 1040, use both columns A and B of IA 126 and divide your Iowa income between spouses using the instructions given for the corresponding line on the IA 1040 for married separate filers. All other filing statuses use column A only.

Complete the IA 1040 lines 1-47 before completing the IA 126. The IA 1040 must be completed using income from all sources. Nonresidents and part-year residents of Iowa will use the IA 126 to report their **Iowa-source income**. The credit from this form is used to reduce total tax on the IA 1040.

**For part-year Iowa residents**, Iowa net income includes all income received while living in Iowa plus any Iowa-source income received while a nonresident.

**For nonresidents**, Iowa net income will include all income from Iowa sources. Complete lines 1-26 of the IA 126 using only income from Iowa sources.

### Line 1: Wages, salaries, tips, etc

**Part-year residents:** Include all W-2 income earned or received while an Iowa resident, even if it was earned in another state, and any income for services performed in Iowa while a nonresident of the state. If it was earned in

another state, you may also need to fill out the IA 130 if you pay tax to the other state. You will need to check with that state for their filing requirements.

**Nonresidents:** Report only Iowa-source income. If the portion of employee compensation earned in Iowa by a nonresident is not reported separately, allocate the compensation based upon the number of days worked in Iowa to total work days.

### Line 2: Taxable interest income

**Part-year residents:** Report all interest shown on the IA 1040 which accrued while an Iowa resident and any interest received while a nonresident which was derived from a trade, business, or profession carried on within Iowa.

**Nonresidents:** Report only the interest derived from an Iowa trade, business, or profession.

### Line 3: Dividend income

**Part-year residents:** Report all dividends received while an Iowa resident and any dividends derived from an Iowa trade, business, or profession while a nonresident.

**Nonresidents:** Report the dividends derived from an Iowa trade, business, or profession.

### Line 4: Alimony received

**Part-year residents:** Report all alimony or separate maintenance payments received while an Iowa resident.

**Nonresidents:** Do not enter anything on this line.

### Line 5: Business income or (loss)

**Part-year residents:** Report all federal Schedule C or C-EZ income earned while an Iowa resident and any portion of business income or loss earned while a nonresident attributable to a business conducted in Iowa.

**Nonresidents:** Report the portion of business income or loss attributable to business conducted in Iowa. Include a supporting schedule showing Iowa gross receipts divided by total gross receipts; multiply this ratio times the total net income from federal Schedule C or C-EZ. A sale is considered an Iowa sale if goods are delivered or shipped to a point within the state regardless of Freight on Board (F.O.B.) point.

### Line 6: Capital gain or (loss)

**Part-year residents:** Include 100% of the capital gain or loss from assets sold while an Iowa resident. In addition, capital gain or loss from

assets sold while a nonresident of Iowa should be reported on the basis of the instructions for nonresidents that follow.

**Nonresidents:** Include in Iowa income 100% of capital gain or loss from the following:

a. Sales of real or tangible personal property if the property was located in Iowa at the time of the sale; or

b. Sales of intangible personal property if the taxpayer's commercial domicile is in Iowa.

**Note:** You may have an Iowa-source gain even if you have a net loss on the IA 1040.

**Line 7: Other gains or (losses)**

**Part-year residents:** Report 100% of gains or losses from assets sold or exchanged while an Iowa resident and any gains or losses from federal form 4797 while a nonresident if the property was located in Iowa at the time of sale or exchange.

**Nonresidents:** Report any gains or losses from federal form 4797 if the property was located in Iowa.

**Note:** You may have an Iowa-source gain even if you have a net loss on the IA 1040.

**Line 8: Taxable IRA distributions**

**Part-year residents:** Report any taxable IRA distributions received while an Iowa resident.

**Nonresidents:** Do not enter anything on this line.

**Line 9: Taxable pensions and annuities**

Pension income is sourced to the state you live in when you receive it.

**Part-year residents:** Report any pension and annuity income reported on line 9 of the IA 1040 which was received while an Iowa resident.

**Nonresidents:** Retirement income received by a nonresident is not taxable to Iowa even when it is from an Iowa source. Do not enter anything on this line.

**Line 10: Rents, royalties, partnerships, estates, trusts, etc**

**Part-year residents:** Report all income shown on federal Schedule E which was earned or received while an Iowa resident and all rents and royalties from Iowa sources and partnerships or S corporation income earned or received while a nonresident.

**Nonresidents:** Report all rents and royalties from Iowa sources and all Iowa partnership or S corporation income. Report the portion of business income or loss attributable to business conducted in Iowa. Include a supporting schedule

showing Iowa gross receipts divided by total gross receipts; multiply this ratio times the total net income from any applicable federal schedules.

**Line 11: Farm income or (loss)**

**Part-year residents:** Report all net farm income earned or received while an Iowa resident. Also report all net income from Iowa farm activities while a nonresident using the instructions for nonresidents given below.

**Nonresidents:** Report the total net income from Iowa farm activities. If farm activities were conducted both within and without Iowa, provide a separate schedule showing allocation of the income and expenses to Iowa.

**Line 12: Unemployment compensation**

**Part-year residents:** Report all unemployment benefits received while an Iowa resident and those benefits received the rest of the year that relate to past employment in Iowa.

**Nonresidents:** Report the unemployment benefits that relate to employment in Iowa. If the unemployment benefits relate to employment in Iowa and employment in another state, report the benefits to Iowa in the ratio of Iowa salaries and wages to total salaries and wages.

**Line 13: Gambling winnings**

**Part-year residents:** Report any gambling winnings on line 13 of IA 1040 which was received while an Iowa resident or income from Iowa sources while a nonresident.

**Nonresidents:** Report all gambling winnings from Iowa sources.

**Line 14: Other income**

**Part-year residents:** Report any income on line 14 of IA 1040 which was received while an Iowa resident or income from Iowa sources while a nonresident. This includes the bonus depreciation and section 179 adjustment attributable to Iowa from the IA 4562A.

**Nonresidents:** Report all other income from Iowa sources.

**Line 16: Payments to an IRA, KEOGH, or SEP**

**Part-year residents:** Deduct payments made to an IRA, Keogh, or SEP plan while an Iowa resident.

**Nonresidents:** Deduct payments made to an IRA, Keogh, or SEP plan in the ratio of Iowa earned income to total earned income.

**Line 17: Deductible part of self-employment tax**

**Part-year residents:** Deduct the portion of the self-employment tax that is attributable to the self-employment income earned while an Iowa resident.

**Nonresidents:** Deduct the portion of the amount allowed on your federal return in the ratio of your Iowa self-employment income to your total self-employment income.

**Line 18: Health insurance premiums****Part-year residents:**

a. Self-employed. Enter 100% of the health insurance premiums paid by a self-employed individual while an Iowa resident.

b. Deducted through wages. Enter 100% of the health insurance premiums that were not withheld from your wages on a pretax basis while an Iowa resident.

c. Paid directly by taxpayer. Enter 100% of the health insurance premiums that you paid while an Iowa resident.

**Nonresidents:**

a. Self-employed. Enter 100% of the health insurance premiums paid by a self-employed individual in the ratio of Iowa self-employment income to total self-employment income.

b. Deducted through wages. Enter 100% of the health insurance premiums that were not withheld from your wages on a pretax basis in the ratio of Iowa wages to total wages.

c. Paid direct by taxpayer. Multiply the health insurance premiums that you paid by the ratio of your Iowa-source net income on line 26 of the IA 126 to total net income on line 26 of the IA 1040. For this net income calculation, do not include line 18, the health insurance premium in the above-referenced net income amounts.

**Line 19: Penalty on early withdrawal of savings**

**Part-year residents:** Deduct the amount of any penalty you were charged because you withdrew funds from your time savings deposit before its maturity while an Iowa resident or what was derived from an Iowa trade, business, or profession.

**Nonresidents:** Deduct the amount of any penalty you were charged because you withdrew funds from your time savings deposit before its maturity that was derived from an Iowa trade, business, or profession.

**Line 20: Alimony paid**

**Part-year residents:** Deduct alimony paid while an Iowa resident.

**Nonresidents:** Deduct alimony paid in the ratio of Iowa gross income to total gross income.

**Line 21: Pension/retirement income exclusion**

**Part-year residents:** If you qualify for this exclusion on the IA 1040, you may exclude the amount of taxable retirement income received **while an Iowa resident**, up to a maximum of \$6,000 (if filing status 1, 5, or 6) or \$12,000 (if filing status 2, 3, or 4).

**Nonresidents:** Do not enter anything on this line.

**Line 22: Moving expenses**

**Part-year residents:** If you moved into Iowa, enter any unreimbursed moving expenses from line 22 of the IA 1040 that relate to the move to Iowa. Part-year residents moving out of Iowa cannot take any deduction on this line.

**Nonresidents:** Do not enter anything on this line.

**Line 23: Iowa capital gain deduction**

Enter 100% of qualifying capital gains deduction attributable to Iowa sources. See form IA 100 for instructions.

**Line 24: Other adjustments**

Deduct miscellaneous adjustments to income in the same ratio as the income to which the adjustment relates was allocated to Iowa.

**Line 26: Iowa net income**

Subtract line 25 from line 15 and enter the difference on this line. If line 26 is \$1,000 or more or if you are subject to Iowa lump-sum or if you are subject to alternative minimum tax, complete lines 27 through 33. If line 26 is less than \$1,000 and you are not subject to Iowa lump-sum or alternative minimum tax, you are not required to file an Iowa income tax return. Married taxpayers must combine their Iowa income amounts for purposes of the \$1,000 filing threshold. If you had Iowa tax withheld and you are requesting a refund, or you choose to file an Iowa return even if you aren't required to do so, enter 100% on line 29, complete the remainder of the schedule, and enter the credit amount on line 48 of the IA 1040.