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Iowa: Tax reform legislation includes changes affecting corporate, individual taxpayers

The Iowa legislature passed Senate File 2417—a bill that provides an estimated \$2.1 billion tax cut to take place over the next several years.

Many of the tax cuts would affect individual taxpayers. The bill also includes certain corporate tax changes and would significantly revise the state's sales and use tax laws.

The legislation includes:

- Federal tax conformity provisions
- A provision to phase in a deduction for qualified business income as allowed under IRC section 199A
- A revised corporate income tax rate structure and rate reduction
- Repeal of the corporate alternative minimum tax
- Repeal of the corporate income tax deduction for federal taxes paid
- Provisions expanding the sales and use tax base to include certain services not previously subject to tax (such as specified digital products sold at retail)
- Clarifications that streaming video, video on-demand and pay-for-view are taxable pay-television services
- Criteria for transactions of remote sellers, marketplace facilitators, and referrers to be subject to tax in Iowa
- An amended definition of “manufacturer” for sales and use tax purposes

Read a [May 2018 report](#) [PDF 50 KB] prepared by KPMG LLP

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