

Iowa Status on Coupling with Federal Tax Provisions, the Value of Health Care Coverage for Nonqualified Dependents, and Unemployment Compensation for Tax Year 2010

December 17, 2010

Coupling with Federal Tax Provisions – The Tax Relief, Unemployment Insurance Reauthorization and Job Creation Act of 2010 passed by Congress in December 2010 contains a number of tax provisions that will be allowed for federal tax purposes for the 2010 tax year. At this time, Iowa is not coupled with these tax provisions that affect the computation of Iowa adjusted gross income. The Iowa legislature during its upcoming 2011 session will make a determination on whether these federal tax provisions will be allowed on the Iowa return for 2010.

Value of Health Care Coverage for Nonqualified Dependents – The federal health care bill passed by Congress in 2010 provided for health care coverage for nonqualified tax dependents through age 26. This federal legislation also provided that the value of this health care coverage is not subject to federal income tax.

Prior to the passage of the federal legislation, Iowa provided for health care coverage for nonqualified dependents through age 24. In addition, Iowa Code §422.7(29A) provided that the value of health care coverage for a nonqualified dependent was not subject to Iowa income tax. A deduction could be claimed on the Iowa income tax return for the value of this coverage that was included in federal income.

The Department has determined that Iowa Code §422.7(29A) provides that the value of health care coverage provided for a nonqualified dependent ages 25 and 26 is not subject to Iowa income tax. This will result in the same treatment of health care coverage for nonqualified dependents for both federal and Iowa income tax purposes. In addition, to the extent the value of health insurance for nonqualified dependents up to age 25 was included as income on the federal return, an adjustment should be made on line 24 of the IA 1040.

January 10, 2011

Unemployment Compensation – The federal deduction for the first \$2,400 in unemployment compensation was eliminated for tax year 2010; therefore, the reference to a federal exclusion of unemployment compensation in the IA 1040 line 12 instructions should be disregarded.

Form begins on the next page.

2010 IA 1040 Iowa Individual Income Tax Long Form

or fiscal year beginning ___/___/2010 and ending ___/___/___

STEP 1: Fill in all spaces. You MUST fill in your Social Security Number.

Your last name _____ Your first name/middle initial _____

Spouse's last name _____ Spouse's first name/middle initial _____

Current mailing address (number and street, apartment, lot, or suite number) or PO Box _____

City, State, ZIP _____

Fill in all information below.

Check this box if you or your spouse were 65 or older as of 12/31/10.

Your Social Security Number ● _____ Spouse Social Security Number ● _____

Residence on 12/31/10
County No. ● _____ School District No. ● _____

STEP 2 Filing Status: Mark one box only.

- 1 Single: Were you claimed as a dependent on another person's Iowa return? YES NO ▲
- 2 Married filing a joint return. (Two-income families may benefit by using status 3 or 4.)
- 3 Married filing separately on this combined return. Spouse use column B.
- 4 Married filing separate returns. Spouse's name: _____ SSN: _____ ▲ Income: \$ _____
- 5 Head of household with qualifying person. If qualifying person is not claimed as a dependent on this return, enter the person's name and Social Security Number below.
- 6 Qualifying widow(er) with dependent child. Name: _____ SSN: _____

You must answer these questions:
 Dependent children for whom an exemption is claimed in Step 3
 How many have health care coverage? _____ ●
 (including Medicaid or hawk-)
 How many do not have health care coverage? _____ ●

STEP 3 Exemptions

YOU
(and spouse if filing jointly)

- a. **Personal Credit:** Enter 1. (Enter 2 if filing joint or head of household.) _____ ▲ X \$ 40 = \$ _____
- b. Enter 1 for each person who is **65 or older** and/or 1 for each person who is **blind**. _____ ▲ X \$ 20 = \$ _____
- c. **Dependents:** Enter 1 for each dependent. _____ ▲ X \$ 40 = \$ _____
- d. Enter first names of dependents here: _____
- e. **TOTAL \$** _____

SPOUSE
(if filing status 3)

- a. **Personal Credit:** Enter 1. _____ ▲ X \$ 40 = \$ _____
- b. Enter 1 if **65 or older** and/or 1 if **blind**. _____ ▲ X \$ 20 = \$ _____
- c. **Dependents:** Enter 1 for each dependent. _____ ▲ X \$ 40 = \$ _____
- d. Enter first names of dependents here: _____
- e. **TOTAL \$** _____

STEP 4

| | | B. Spouse/Status 3 | A. You or Joint | B. Spouse/Status 3 | A. You or Joint |
|--|-----------------|--------------------|-----------------|--------------------|-----------------|
| 1. Wages, salaries, tips, etc. | 1. _____ .00 | _____ .00 | _____ .00 | | |
| 2. Taxable interest income. If more than \$1,500, complete Sch. B. | 2. _____ .00 | _____ .00 | _____ .00 | | |
| Gross Income 3. Ordinary dividend income. If more than \$1,500, complete Sch. B. | 3. _____ .00 | _____ .00 | _____ .00 | | |
| 4. Alimony received | 4. _____ .00 | _____ .00 | _____ .00 | | |
| 5. Business income/(loss) from federal Schedule C or C-EZ | 5. _____ .00 | _____ .00 | _____ .00 | | |
| 6. Capital gain/(loss) from federal Sch. D if required for federal purposes . | 6. _____ .00 | _____ .00 | _____ .00 | | |
| 7. Other gains/(losses) from federal form 4797 | 7. _____ .00 | _____ .00 | _____ .00 | | |
| 8. Taxable IRA distributions | 8. _____ .00 | _____ .00 | _____ .00 | | |
| 9. Taxable pensions and annuities | 9. _____ .00 | _____ .00 | _____ .00 | | |
| 10. Rents, royalties, partnerships, estates, etc. | 10. _____ .00 | _____ .00 | _____ .00 | | |
| 11. Farm income/(loss) from federal Schedule F | 11. _____ .00 | _____ .00 | _____ .00 | | |
| 12. Unemployment compensation. See instructions. | 12. _____ .00 | _____ .00 | _____ .00 | | |
| 13. Taxable Social Security benefits | 13. _____ .00 ▲ | _____ .00 | _____ .00 | | |
| 14. Other income, gambling income, bonus depreciation/section 179 adjustment ... | 14. _____ .00 | _____ .00 | _____ .00 | | |
| 15. GROSS INCOME. ADD lines 1-14. | 15. _____ .00 ▲ | _____ .00 | _____ .00 | | |

STEP 5

| | | | | | |
|--|-----------------|-----------|-----------|--|--|
| 16. Payments to an IRA, Keogh, or SEP | 16. _____ .00 | _____ .00 | _____ .00 | | |
| 17. One-half of self-employment tax | 17. _____ .00 | _____ .00 | _____ .00 | | |
| 18. Health insurance deduction | 18. _____ .00 | _____ .00 | _____ .00 | | |
| 19. Penalty on early withdrawal of savings | 19. _____ .00 | _____ .00 | _____ .00 | | |
| 20. Alimony paid | 20. _____ .00 | _____ .00 | _____ .00 | | |
| 21. Pension/retirement income exclusion | 21. _____ .00 ▲ | _____ .00 | _____ .00 | | |
| 22. Moving expense deduction from federal form 3903 | 22. _____ .00 | _____ .00 | _____ .00 | | |
| 23. Iowa capital gain deduction. | 23. _____ .00 ▲ | _____ .00 | _____ .00 | | |
| 24. Other adjustments | 24. _____ .00 | _____ .00 | _____ .00 | | |
| 25. Total adjustments. ADD lines 16-24. | 25. _____ .00 ▲ | _____ .00 | _____ .00 | | |
| 26. NET INCOME. SUBTRACT line 25 from line 15. | 26. _____ .00 ▲ | _____ .00 | _____ .00 | | |

STEP 6

| | | | | | |
|--|-----------------|-----------|-----------|--|--|
| 27. Federal income tax refund / overpayment received in 2010 | 27. _____ .00 ▲ | _____ .00 | _____ .00 | | |
| 28. Self-employment/household employment taxes | 28. _____ .00 ▲ | _____ .00 | _____ .00 | | |
| 29. Addition for federal taxes. ADD lines 27 and 28. | 29. _____ .00 | _____ .00 | _____ .00 | | |
| 30. Total. ADD lines 26 and 29. | 30. _____ .00 | _____ .00 | _____ .00 | | |
| 31. Federal tax withheld | 31. _____ .00 ▲ | _____ .00 | _____ .00 | | |
| 32. Federal estimated tax payments made in 2010 | 32. _____ .00 ▲ | _____ .00 | _____ .00 | | |
| 33. Additional federal tax paid in 2010 for 2009 and prior years | 33. _____ .00 ▲ | _____ .00 | _____ .00 | | |
| 34. Deduction for federal taxes. ADD lines 31, 32, and 33. | 34. _____ .00 | _____ .00 | _____ .00 | | |
| 35. BALANCE. SUBTRACT line 34 from line 30. Enter here and on line 36, side 2. | 35. _____ .00 | _____ .00 | _____ .00 | | |

Staple W-2s, payment, and voucher here.

STEP 7 36. BALANCE. From side 1, line 35 36. _____ .00 _____ .00

Taxable Income 37. Total itemized deductions from federal Schedule A 37. _____ .00 _____ .00
 Taxpayers with bonus depreciation/section 179 must use Iowa Schedule A.

38. Iowa income tax if included in line 5 of federal Schedule A 38. _____ .00 _____ .00

39. BALANCE. Subtract line 38 from line 37 or enter the 39. _____ .00 _____ .00
 amount of itemized deductions from the Iowa Schedule A.

40. Other deductions 40. _____ .00 _____ .00

41. Deduction. Check one box. Itemized. Add lines 39 and 40. Standard 41. _____ .00 ▲ _____ .00

42. **TAXABLE INCOME.** SUBTRACT line 41 from line 36. 42. _____ .00 _____ .00

} Complete lines 37-40 ONLY if you itemize.

STEP 8 43. Tax from tables or alternate tax 43. _____ .00 ▲ _____ .00

44. Iowa lump-sum tax. 25% of federal tax from form 4972 44. _____ .00 ▲ _____ .00

Tax, Credits and Checkoff Contributions 45. Iowa minimum tax. Attach IA 6251. 45. _____ .00 ▲ _____ .00

46. Total tax. ADD lines 43, 44, and 45. 46. _____ .00 _____ .00

47. Total exemption credit amount(s) from Step 3, side 1 47. _____ .00 _____ .00

48. Tuition and textbook credit for dependents K-12 48. _____ .00 ▲ _____ .00

49. Total credits. ADD lines 47 and 48. 49. _____ .00 _____ .00

50. BALANCE. SUBTRACT line 49 from line 46. If less than zero, enter zero. 50. _____ .00 ▲ _____ .00

51. Credit for nonresident or part-year resident. Attach IA 126 and federal return. 51. _____ .00 ▲ _____ .00

52. BALANCE. SUBTRACT line 51 from 50. If less than or equal to zero, enter zero. 52. _____ .00 _____ .00

53. Other nonrefundable Iowa credits. Attach IA 148 Tax Credits Schedule. 53. _____ .00 ▲ _____ .00

54. BALANCE. SUBTRACT line 53 from line 52. 54. _____ .00 _____ .00

55. School district surtax/EMS surtax. Take percentage from table; multiply by line 54. 55. _____ .00 ▲ _____ .00

56. Total Tax. ADD lines 54 and 55. 56. _____ .00 ▲ _____ .00

57. Total tax before contributions. ADD columns A & B on line 56 and enter here. 57. _____ .00

58. Contributions. Contributions will reduce your refund or add to the amount you owe. Amounts must be in whole dollars.
 Fish/Wildlife 58a: ▲ _____ StateFair 58b: ▲ _____ Firefighters/Veterans 58c: ▲ _____ Child Abuse Prevention 58d: ▲ _____ Enter total. 58. _____ .00

59. **TOTAL TAX AND CONTRIBUTIONS.** ADD lines 57 and 58. 59. _____ .00

STEP 9 60. Iowa income tax withheld 60. _____ .00 ▲ _____ .00

Credits 61. Estimated and voucher payments made for tax year 2010 61. _____ .00 ▲ _____ .00

62. Out-of-state tax credit. Attach IA 130. 62. _____ .00 ▲ _____ .00

63. Motor fuel tax credit. Attach IA 4136. 63. _____ .00 ▲ _____ .00

64. Check One: Child and dependent care credit OR Early childhood development credit 64. _____ .00 ▲ _____ .00

65. Iowa earned income tax credit. See Instructions. 65. _____ .00 ▲ _____ .00

66. Other refundable credits. Attach IA 148 Tax Credits Schedule. 66. _____ .00 ▲ _____ .00

67. TOTAL. ADD lines 60 - 66. 67. _____ .00 _____ .00

68. **TOTAL CREDITS.** ADD columns A and B on line 67 and enter here. 68. _____ .00

STEP 10 69. If line 68 is more than line 59, SUBTRACT line 59 from line 68. This is the amount you overpaid. 69. ▲ _____ .00

Refund or Amount You Owe 70. Amount of line 69 to be **REFUNDED** REFUND 70. ▲ _____ .00
Mail return to Iowa Income Tax - Refund Processing, Hoover State Office Bldg, Des Moines IA 50319-0120

71. Amount of line 69 to be **applied to your 2011 estimated tax** 71. _____ .00 ▲ _____ .00

72. If line 68 is less than line 59, SUBTRACT line 68 from line 59. This is the AMOUNT OF TAX YOU OWE. 72. ▲ _____ .00

73. Penalty for underpayment of estimated tax from IA 2210 or IA 2210F Check if annualized income method is used. 73. ▲ _____ .00

74. Penalty and interest 74a. Penalty _____ .00 ▲ 74b. Interest _____ .00 ▲ ADD Enter total 74. _____ .00

75. **TOTAL AMOUNT DUE.** ADD lines 72, 73, and 74, and enter here. PAY THIS AMOUNT 75. ▲ _____ .00
Electronically pay by credit card or direct debit. Go to www.state.ia.us/tax/
To pay by mail: Iowa Income Tax - Document Processing, PO Box 9187, Des Moines IA 50306-9187. Make check payable to Treasurer, State of Iowa.

STEP 11 POLITICAL CHECKOFF. This checkoff does not increase the amount of tax you owe or decrease your refund.

| | | | |
|----------------------------|--------------------------|----------------------------|--------------------------|
| SPOUSE | | YOURSELF | |
| \$1.50 to Republican Party | <input type="checkbox"/> | \$1.50 to Republican Party | <input type="checkbox"/> |
| \$1.50 to Democratic Party | <input type="checkbox"/> | \$1.50 to Democratic Party | <input type="checkbox"/> |
| \$1.50 to Campaign Fund | <input type="checkbox"/> | \$1.50 to Campaign Fund | <input type="checkbox"/> |

STEP 12 NEXT YEAR,
 Would you like to receive a booklet? This option is not available to electronic filers.

0. Yes
 1. No

Mailing Addresses:
 See lines 70 and 75 above.

STEP 13 PLEASE SIGN HERE

I (We), the undersigned, declare under penalty of perjury that I (we) have examined this return, including all accompanying schedules and statements, and, to the best of my (our) knowledge and belief, it is a true, correct, and complete return. Declaration of preparer (other than taxpayer) is based on all information of which the preparer has any knowledge.

| | | | |
|-----------------------------------|---------------|-----------------------------------|--------------------------------|
| _____ Your Signature | _____ Date | _____ Preparer's Signature | _____ Date |
| _____ Spouse's Signature | _____ Date | _____ Address | |
| _____ Daytime Telephone Number | | _____ Daytime Telephone Number | _____ Identification Number |

SIGN HERE

SIGN HERE

- Verify your Social Security Number(s)
- Recheck your math
- Attach all W-2s