

This worksheet computes the amount of itemized deductions to enter on line 26 of the IA Schedule A for high income taxpayers.

Step 1 Complete the IA 1040 Schedule A, lines 1-25.

Step 2 Re-compute the federal Itemized Deduction Worksheet:

1. Enter the sum of lines 3, 8, 13, 17, 18, 24, and 25 from the IA 1040 Schedule A 1. _____
2. Enter any Iowa income tax from line 5a of the federal Schedule A. Do not include school district/EMS surtax..... 2. _____
3. Add amounts from lines 1 and 2. 3. _____
4. Add the amounts on IA 1040 Schedule A, lines 3, 12, 18, plus gambling losses and casualty or theft losses included on line 25 and enter here..... 4. _____
5. Is the amount on line 4 less than the amount on line 3?
 - No. Stop! Your deduction is not limited. You do not need to complete the rest of this form. Enter the amount from line 1 above on the IA 1040 Schedule A, line 26.
 - Yes. Subtract line 4 from line 3..... 5. _____
6. Multiply line 5 by 80% (.80)..... 6. _____
7. Enter amount from federal 1040, line 7, plus any bonus depreciation/section 179 adjustment from line 14 of the IA 1040 and all other Iowa net income decoupling 7. _____
8. Enter: \$320,000 if qualifying widow(er)/married filing jointly; \$293,350 if head of household; \$266,700 if single; \$160,000 if married filing separately for federal purposes..... 8. _____
9. Is the amount on line 8 less than line 7?
 - No. Stop! Your deduction is not limited. You do not need to complete the rest of this form. Enter the amount from line 1 above on IA 1040 Schedule A, line 26.
 - Yes. Subtract line 8 from line 7..... 9. _____
10. Multiply line 9 by 3% (.03)..... 10. _____
11. Enter the smaller of line 6 or line 10..... 11. _____
12. Total adjusted federal itemized deductions. Subtract line 11 from line 3 and enter on Step 3, line 13 below..... 12. _____

Step 3 Complete the IA 104:

13. Enter the revised allowable federal itemized deductions from line 12 13. _____
14. Enter the amount from line 4..... 14. _____
15. Subtract line 14 from line 13 15. _____
16. Enter the amount from line 3..... 16. _____
17. Subtract line 14 from line 16 17. _____
18. Divide line 15 by line 17. Enter to the nearest tenth of a percent 18. _____ %
19. Enter the amount from line 2..... 19. _____
20. Multiply line 19 by the percent on line 18 20. _____
21. Subtract line 20 from line 13. Enter this amount on line 26 of the IA 1040 Schedule A 21. _____

Keep this worksheet with your tax records.