

Name(s): _____ SSN or FEIN: _____

Pass-Through Entity (if applicable): _____ Pass-Through FEIN: _____

Part I - Computation of Iowa depreciation adjustment. See instructions before completing.

A. Description of Property	B. Date Placed in Service	C. Life of Asset	D. Cost or Other Basis	E. Federal 179 Expense	F. Federal Depreciation Deduction	G. Accumulated Federal Depreciation	H. Iowa 179 Expense	I. MACRS Iowa Depreciation Deduction	J. Accumulated Iowa Depreciation
Total amounts in columns E, F, H (see instructions), and I									

Part II - Disposition adjustments

If you have disposed of property and an Iowa depreciation adjustment was applied to this property, continue with Part II; otherwise, skip to Part III.

A. Description of Property Sold or Disposed	B. Date Placed in Service MM/DD/YY	C. Date Sold or Disposed MM/DD/YY	D. Total Iowa Depreciation + Sec. 179 Expense + Like-Kind Adjustment Taken	E. Total Federal Depreciation + Sec. 179 Expense Taken	F. Adjustment (subtract column E from column D)
Total amounts in column F					

Part III - Summary of adjustments to net income

1. Enter the sum of amounts from Part I, columns E and F..... 1. _____
2. Enter the sum of amounts from Part I, columns H and I..... 2. _____
3. Adjustment to depreciation. Subtract line 2 from line 1 3. _____
4. Enter the amount from Part II, column F..... 4. _____
5. Add lines 3 and 4. This amount must be reported on your tax return.
See table in Part III of the instructions for specific form and line references... 5. _____

Include this form with your Iowa tax return.

Name(s): _____ SSN or FEIN: _____

Part IV – Section 179 pass-through recipient special election and deductions. See instructions.

1. Section 179 expense allocated from Partnerships, S Corporations, and Limited Liability Companies.

- a. Enter the section 179 expense amount shown on all IA 1065 Schedule K-1s line 12, column (a)..... a. _____
- b. Enter any section 179 expense amount(s) shown on all federal form 1065 Schedule K-1s line 12, from entities that did not provide an IA 1065 Schedule K-1..... b. _____
- c. Enter the section 179 expense amount shown on all IA 1120S Schedule K-1s line 11, column (a). ... c. _____
- d. Enter any section 179 expense amount(s) shown on all federal form 1120S Schedule K-1s, line 11 from entities that did not provide an IA 1120S Schedule K-1..... d. _____

Total sum of a, b, c, and d. If more than \$1,020,000, enter \$1,020,000.....1. _____

Is the amount on Part IV, line 1 less than \$100,000 (Iowa section 179 expense limitation for tax year 2019)?

If YES, STOP completing Part IV. You are not eligible for the special election. Complete the IA 4562A as instructed in Part I.

If NO, you are eligible for the special election deduction. Enter \$100,000 in a separate row of the IA 4562A, Part I, column H, write "Part IV" in Part I column A, and enter the amount shown on Part IV, line 1 above in Part I Column E. Continue completing Part IV. If you choose not to make the special election, see instructions.

- 2. Limitation..... 2. \$100,000
- 3. Subtract line 2 from line 1. Enter the result here. 3. _____
- 4. Special election deduction. Multiply line 3 by 0.20. Enter the result for each year listed below.
 - a. 2020: _____ b. 2021: _____ c. 2022: _____ d. 2023: _____ e. 2024: _____

See IA 4562B, Part II below to determine your special election deduction amount for 2019 and future years.

Include this form with your Iowa tax return.

Part II - Special election deduction and instructions:

Enter the amounts shown on your 2018 IA 4562A Part IV, lines 4a-4e in the appropriate boxes in the row labeled “2018 special election deduction”. The amount you enter in each box in this row should be the same. If you did not make the special election in 2018, each box should show 0. The amount entered in column f (2024) for this line must be 0.

Enter the amounts shown on your 2019 IA 4562A Part IV, lines 4a-4e in the appropriate boxes in the row labeled “2019 special election deduction”. The amount you enter in each box in this row should be the same. If you did not make the special election in 2019, each box should show 0. The amount entered in column a (2019) for this line must be 0.

Add the 2018 and 2019 amounts for each column and enter the result in the “Total” box for that column. This row shows the total special election deduction amount you may claim for each tax year. Enter this amount on IA 4562A Part I, column H, in the applicable tax year. In column A for that row write “Special Election”, in column B write the beginning or ending date of your 2019 tax year, leave columns C through G for that row blank, and then follow all IA 4562A instructions, including the worksheet for column H on page 2.

	a. 2019	b. 2020	c. 2021	d. 2022	e. 2023	f. 2024
2018 special election deduction						0
2019 special election deduction	0					
Total						

Example: XYZ, an eligible taxpayer, computed an excess section 179 expense of \$100,000 for tax year 2018 on 2018 IA 4562A, Part IV, line 3. XYZ properly claimed the special election deduction, so XYZ must enter \$20,000 ($\$100,000 \times .20$) in columns a through e of the first row (2018 special election deduction) of the table above. For tax year 2019, XYZ computed an excess section 179 expense of \$250,000 on 2019 IA 4562A, Part IV, line 3. XYZ properly claimed the special election deduction, so XYZ must enter \$50,000 ($\$250,000 \times .20$) in columns b through f of the second row (2019 special election deduction) of the table above. To compute the special election deduction allowable in 2019 XYZ will enter the total shown for column a (\$20,000) of the table above on the 2019 IA 4562A Part I, column H, writing “Special Election” in column A for that row, writing the beginning or ending date of XYZ’s 2019 tax year in column B, and leaving columns C through G for that row blank. For tax year 2020 XYZ’s special election deduction will be the total for column b (\$70,000) of the table above.

Include this form with your Iowa tax return.

2019 IA 4562A Instructions

This form must be completed if taxpayer:

- Claimed bonus depreciation during the tax year on federal form 4562, Depreciation and Amortization; federal form 2106, Employee Business Expenses; Schedule C, Profit or Loss from Business; Schedule F, Profit or Loss from Farming, or any other federal form where depreciation was deducted.
- Claimed depreciation during the tax year on property and Iowa depreciation adjustments were made to that same property in previous tax years.
Note: See detailed online instructions for complete list of years in which depreciation adjustments were required. As of the time of publication, Iowa did not conform with Public Law 116-94 for tax year 2019. This Act included several changes to federal depreciation schedules which may require adjustments on this form. See tax.iowa.gov for guidance on the effects of nonconformity for tax year 2019.
- Disposed of property during the tax year, and Iowa depreciation adjustments were made to the property in previous tax years.
- Claimed the federal section 179 expense in excess of \$25,000 for tax years beginning on or after January 1, 2003, but beginning before January 1, 2006, and the taxpayer chose to claim no more than \$25,000 for Iowa tax purposes.
- Claimed the federal section 179 expense in excess of \$133,000 for tax years beginning on or after January 1, 2009, but before January 1, 2010.
- Claimed 5-year depreciation on certain new farming machinery and equipment purchased in 2009.
- Placed property used in a farming business in service after December 31, 2017, and before January 1, 2019, and used the 200% declining balance method for federal purposes. Taxpayers are required to use the 150% declining balance method on such property for Iowa purposes.
- Claimed the federal section 179 expense in excess of \$25,000 for tax years beginning on or after January 1, 2016, but before January 1, 2018.

- Claimed the federal section 179 expense in excess of \$70,000 for tax years beginning on or after January 1, 2018, but before January 1, 2019.
- Claimed the federal section 179 expense in excess of \$100,000 for tax years beginning on or after January 1, 2019, but before January 1, 2020.
- Claimed a like-kind exchange of personal property in tax years 2018 or 2019 for Iowa tax purposes on IA 8824 which resulted in a different basis for Iowa and federal tax purposes in the personal property received in the exchange.
- Placed a passenger vehicle in service during tax year 2018 and claimed regular first-year federal depreciation in excess of \$3,560 for trucks and vans, or \$3,160 for other passenger vehicles.
- Claimed federal cost recovery adjustments during tax year 2018 resulting from federal Tax Cuts and Jobs Act of 2017 sections 13202 (adjustments to computers as listed property), 13203 (modifications to treatment of certain farm property), 13204 (applicable recovery period for real property), or 13205 (use of alternative depreciation system for electing farm businesses).

Part I

If a taxpayer has a section 179 expensing allowance allocated from one or more partnerships, S-corporations, or limited liability companies electing to have the income taxed directly to individuals, complete Part IV before completing Part I.

If a taxpayer made a special election on Part IV in a previous tax year, complete Part II of the 4562B before completing Part I of this 4562A.

List each item of property falling within the parameters listed above. A separate schedule can be included listing all qualifying property. Grouping of assets by class is also permitted. For example, all 3-year assets or all 5-year assets, etc., may be grouped together. If assets are grouped, the taxpayer is responsible to maintain all records necessary to support how each item was grouped.

Compute the amount of federal depreciation using the federal depreciation method and the amount of Iowa depreciation using

the MACRS method taking into account any required nonconformity adjustment.

Column E: If you received an IA 1065 Schedule K-1, or IA 1120S Schedule K-1, enter the amount shown on line 12(a) of the 1065 or line 11(a) on the 1120S in Column E for any section 179 expense received from that entity. For any 179 expensing not reported to you on an IA K-1 enter the amount of section 179 expense shown on your federal return.

Column H: The Iowa section 179 expense amount entered in Column H is limited to your business income in the same manner that the section 179 deduction is limited for federal purposes. The following worksheet is provided to assist you in properly calculating your Iowa section 179 expense, applying the business income limitation, and calculating your carryover to future years, if any. Do not include this worksheet with your return, but keep it for your records. You are responsible for providing documentation of any carryover at the Department’s request. For more information on section 179 expensing, see Iowa administrative rules 701-40.65, 53.23, and 59.24.

1. **Elected Iowa section 179 expense.** If you are making a special election under IA 4562A, Part IV, enter \$100,000. Otherwise, enter your total allowable Iowa section 179 expense from the assets listed in IA 4562A, Part I, Column A (excluding “section 179 carryover” or “special election” amounts), as adjusted for any Iowa nonconformity, including but not limited to the applicable lower Iowa dollar limitation (\$100,000) and reduction limitation (\$400,000)..... _____
2. **Iowa section 179 expense carryover from 2018.** Enter your total Iowa section 179 expense carryover calculated on line 6 of the Column H worksheet in your 2018 IA 4562A instructions, if any. This amount may be different than any federal section 179 expense carryover you have because of Iowa nonconformity. _____
3. **Tentative Iowa section 179 expense deduction.** Enter the lesser of the sum of

- lines 1 and 2, or the amount of your Iowa dollar limitation (\$100,000) as reduced by your reduction limitation (\$400,000)..... _____
4. **Special election deduction for 2019.** Enter the total amount from your 2019 IA 4562B Part II, column “a” here. _____
5. **Tentative Iowa section 179 expense and special election deduction.** Add lines 3 and 4 and enter the result here. This is your tentative Iowa Section 179 expense and special election deduction. _____
6. **Business income limitation.** Enter your business income limitation from 2019 federal Form 4562, line 11. This business income amount should be adjusted by any items of Iowa nonconformity except an Iowa section 179 expense adjustment..... _____
7. **Allowable 2019 Iowa section 179 expense and special election deduction.** Enter the smaller of the amount entered on line 5 or 6. This is your allowable 2019 Iowa section 179 expense and special election deduction. Carefully follow the instructions below for reconciling your column H total, then proceed to line 8. _____

Reconciling this worksheet to your column H total:

If your allowable deduction calculated on line 7 of this worksheet includes an Iowa section 179 carryforward amount from prior years (see line 2 of this worksheet), you may have a section 179 carryforward deduction to report in Column H. To calculate the reportable carryforward deduction, add the amounts entered on lines 1 and 4 of this worksheet, then subtract that sum from the amount on line 7 of this worksheet. If zero or less, you have no section 179 carryforward deduction to report this year. If greater than zero, report that amount on a separate row in column H, write “section 179 carryover” in column A of the corresponding row, write the beginning or ending date of your 2019 tax year in column B, and leave the remaining columns in that row blank.

If lines 6 and 7 of this worksheet are the same amount (in other words, you were subject to the business income limitation), reduce the amount in your column H total box to equal the amount on line 7 of this worksheet, even if the amount in that Column H total box ends up being less than the sum of the amounts shown in column H.

Make sure the amount listed in your column H total box equals the amount on line 7 of this worksheet before you complete the IA 4562A, Part III.

8. Iowa section 179 expense carryover to 2020. Add lines 1, 2, and 4, then subtract that sum from the amount on line 7, and enter the result here. If zero or less, enter zero. This is your Iowa section 179 expense carryover amount to 2020 which may be used to complete this worksheet next year.

Total the amount of the federal depreciation in columns E and F and the Iowa depreciation in columns H (the column H total may be less than the sum of the amounts shown in the column if the business income limitation applied) and I and enter on Part III of the form. The accumulated depreciation amount in columns G and J should include the total amounts of depreciation and section 179 expense for the life of the asset(s).

Part II

If you have not sold or disposed of property for which an Iowa depreciation adjustment was applied, you may skip Part II of this form. Dispositions of personal property given up in a qualifying Iowa like-kind exchange on IA 8824 should not be included in Part II of this form.

For each item of property listed, determine the difference between federal depreciation and Iowa MACRS depreciation used in the computation of federal and Iowa taxable income in prior and current years.

If you sold or disposed of property this year, and the Iowa depreciation adjustment was applied to the property in any prior years, or you reported a like-kind exchange for Iowa but not for federal purposes for the property in tax years 2017, 2018, or 2019, you must make the applicable depreciation catch-up adjustment to

adjust the basis of the property for Iowa purposes. A separate schedule can be attached listing all qualifying sales or dispositions, and grouping of assets by class is also permitted as described in Part I. Total the amount in column F and enter on Part III of the form.

If you dispose of any personal property for which you elected or were required to use like-kind exchange treatment for Iowa but not for federal purposes in tax years 2017, 2018, or 2019, include the amount of nonconformity adjustment attributable to the property disposed of from IA 8824, line 25, from the year of the like-kind exchange in the total Iowa depreciation and 179 expensing taken on the asset in Part II, column D. Negative amounts from the IA 8824, line 25, should be included here as a positive amount. Positive amounts from the IA 8824, line 25, should be included here as a negative amount.

Part III

Compute the net adjustment using Part I and Part II. Enter the amount from line 5 on the applicable Iowa form as noted below.

Iowa Form:	Enter positive amounts from line 5 on:	Enter negative amounts from line 5 on:
1040	Other income, line 14	Other income, line 14
1041	Other income, line 8	Other income, line 8
1065	Part III, line 3	Part III, line 6
1120	Schedule A, depreciation adj., line 8	Schedule A, depreciation adj., line 8
1120S	Part III, line 3	Part III, line 7
1120F	Schedule A, line 5	Schedule D, line 7

Continue to form IA 4562B, Part I, Iowa Accumulated Depreciation Adjustment Schedule.

Part IV

Part IV provides a special election for taxpayers who are allocated a section 179 expense for tax year 2019 from one or more partnerships, S-corporations, or limited liability companies that exceed the applicable limitation for the tax year.

A taxpayer that is allocated a section 179 expense from a pass-through entity must adjust their basis in the property for Iowa purposes by the full amount of the section 179 expense passed through in the year the section 179 expense is received. This is true even if some of the expense will be recovered through the special election deductions in future tax years. The special election deduction calculated under this Part IV does not make a taxpayer's Iowa basis different from their federal basis in any asset.

An eligible taxpayer that elects to claim the special election provided in Part IV shall not claim an Iowa section 179 deduction for any assets placed in service by the taxpayer during tax year 2019. However, the taxpayer may depreciate such assets using the MACRS method without any bonus depreciation. Enter and track this depreciation on IA 4562A, Part I.

An eligible taxpayer elects to claim the special election deduction for tax year 2019 by completing Part IV through line 4 and including the 2019 IA 4562A with your 2019 Iowa tax return. A proper election allows you to carryover the excess section 179 expense and deduct it in future tax periods, as provided on line 4 and on the IA 4562B, Part II.

If you cannot, or do not make the special election, follow the Part I instructions for each asset for which you received a section 179 expense deduction. If you do not make the special election, any section 179 expensing amount received in tax year 2019 in excess of the applicable 2019 Iowa cap will be lost, and cannot be deducted or recovered through depreciation.

Example: XYZ, an eligible taxpayer, computes an excess section 179 expense of \$100,000 for tax year 2018 on line 3. If XYZ does not properly claim the special election by completing line 4 and including the 2018 IA 4562A with XYZ's 2018 Iowa tax return, the entire \$100,000 excess will be lost, and cannot be deducted or recovered through depreciation. If XYZ does properly claim the special election deduction, XYZ will be allowed a deduction from income of \$20,000 ($\$100,000 \times .20$) for each of the next five tax years (2019, 2020, 2021, 2022, and 2023). These future deductions are in addition to XYZ's allowable \$70,000 deduction for tax year 2018.

Special election deduction amounts in future tax years are limited to the taxpayer's business income for that year, in the same manner as a federal section 179 deduction is limited for federal purposes. Any amount in excess of that business income may be added to, and treated in the same manner as, other Iowa section 179 deduction carryforwards.

Keep a copy of Part IV for your records in order to fill out IA 4562B, Part II in future years.

To calculate your actual special election deduction for 2019, if any, complete the 4562B, Part II.