

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 deduction	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. \_\_\_\_\_



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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 2021 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.



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Include this form with your Iowa tax return.

## 2021 IA 4562A Instructions

**New for 2021:** For tax years beginning on or after January 1, 2021, Iowa fully conforms with bonus depreciation under IRC § 168(k). No adjustments are required on this form for property placed in service during a tax year that begins on or after January 1, 2021 if bonus depreciation was taken on the property for federal purposes. Iowa depreciation adjustments may still be required for assets placed in service during a tax year that began before January 1, 2021 as described below.

This form must be completed if taxpayer:

- Claimed depreciation during the tax year on property and Iowa depreciation adjustments were made to that same property in previous tax years.
 

**Note:** See IA 1040 expanded instructions for a complete list of years in which depreciation adjustments were required.
- 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).
- Claimed certain federal cost recovery adjustments during tax year 2018 or 2019 resulting from the Taxpayer Certainty and Disaster Tax Relief Act of 2019, Public Law 116-94. For more information, see the Iowa nonconformity guidance available at [tax.iowa.gov/iowa-nonconformity-taxpayer-certainty-and-disaster-tax-relief-act-2019](http://tax.iowa.gov/iowa-nonconformity-taxpayer-certainty-and-disaster-tax-relief-act-2019).
- Claimed federal cost recovery adjustments during tax year 2018 or 2019 resulting from CARES Act, Public Law 116-136, section 2307 (Qualified Improvement Property). For more information, see Iowa nonconformity guidance available at [tax.iowa.gov/cares-conformity](http://tax.iowa.gov/cares-conformity).

**Part I**

If a taxpayer made a special election on IA 4562A, Part IV in tax years 2018 or 2019, 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:** Enter the amount 179 expense deduction shown on your federal return. If any amount of your allowable federal section 179 deduction represents a carryforward amount from a prior tax year, report that amount in column E on a separate row, labeled as “section 179 carryforward” in column A. The amount listed in your column E total box must equal the amount on your federal 4562, line 12.

**Column H:** The Iowa section 179 expense amount, including any special election deductions, 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. Before beginning this worksheet, your column H should only include your total elected federal section 179 expense from your federal 4562, Part I, line 9, and any allowable special election deduction from Part II of this form. 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 federal section 179 expense.** Enter your total elected federal section 179 expense from federal 4562, Part I, line 9..... \_\_\_\_\_
2. **Iowa section 179 expense carryover from 2020.** Enter your total Iowa section 179 expense carryforward calculated on line 8 of the column H worksheet in your 2020 IA 4562A instructions, if any. This amount may be different than any federal section 179 expense carryforward you have because of Iowa nonconformity. If you do not have a different Iowa section 179 carryforward from a previous year due to Iowa nonconformity, enter your federal carryforward amount from federal 4562, line 10. .... \_\_\_\_\_
3. **Tentative Iowa section 179 expense deduction.** Enter the sum of lines 1 and 2. .... \_\_\_\_\_
4. **Special election deduction for 2021.** Enter the total amount from your 2021 IA 4562B Part II, column c 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 2021 federal Form 4562, line 11..... \_\_\_\_\_
7. **Allowable 2021 Iowa section 179 expense and special election deduction.** Enter the smaller of the amounts entered on line 5 or 6. This is your allowable 2021 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 a 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 in column H of the same row you reported your federal section 179 carryforward. If you did not report a federal carryforward amount, report the amount on a separate row in column H, write "section 179 carryforward" in column A of the corresponding row, write the beginning or ending date of your 2021 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 carryforward to 2022.** 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 carryforward amount to 2022 which may be used to complete this worksheet next year. .... \_\_\_\_\_

**Reporting Part I Column Totals:**

Total the amount of the federal depreciation in columns E and F and the Iowa depreciation in columns H and I and enter on Part III of the form. The column H total may be less than the sum of the amounts shown in column H if the business income limitation applied. 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, code b	Other income, line 14, code b
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.