

COUNT ON INSIGHTSM



Business Taxation & What You Should Know

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Jason Wilson, CPA

- Partner – Tax Services
- State and Local Tax Consulting
- Federal Tax Consulting
- Various Size Companies
- Projects for Different Industries
- Department of Revenue
 - Iowa Sales Tax Policy Decisions

Iowa's Tax Environment

Why is Iowa the best place to locate in from a tax perspective?

Key Factors

- Non-retail Businesses
- Manufacturing is Best
- Increased Capital Expenditures
- Above Average Wages
- New Employee Growth

Specific Tax Opportunities

- Federal & State:
 - R&D
 - Cost Segregation
 - Apportionment
 - High Quality Job Creation Program
 - New Jobs/Ex-Offender Credit
 - Sales & Use Tax
 - Manufacturers
 - Most Companies

R&D

- *Must* Improve Product or Process
- Almost All Manufacturers Should Qualify
- Must Perform a Study
- Iowa Credit is Refundable

Cost Segregation

- Accelerate Depreciation
- *Immediate* Tax Deduction
- Must Perform a Study

Apportionment

- Iowa is a Single Factor State
- Destination Based Sourcing
- Great Opportunity for Service Companies

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- Investment Tax Credit
- Sales & Use Tax Refund
 - Construction
- Doubling R&D Credits

New Jobs/Ex-Offender

- 260 Program Has an Income Tax Credit
- Ex-Offenders
 - Companies employing ex-offenders with more than a simple misdemeanor charge can take a tax deduction in Iowa

Sales & Use Tax – Manufacturers

- Exemptions
 - Dock to Dock
 - Repair Parts/Equipment
 - Packaging Supplies/Equipment
 - Utilities
- Great for Food Manufacturing & Printing Companies

Sales & Use Tax – Most Companies

- Exemptions
 - Computers
 - Software Delivered Electronically
 - Most Temporary Services
 - Recycling Equipment



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Example

- \$10 Million Company
 - 50 Employees
 - Received:
 - \$50K Sales Tax Refund
 - \$100K in Tax Credits
 - Apportion 94% Out of State

Example

- \$20 Million Company
 - 110 Employees
 - Received:
 - \$400K Adjustment From Cost Segregation
 - Resulted in \$90K Net Present Value Savings
 - \$40K/year in R&D Credits

Questions?

