



Attach a copy of this form to your Iowa income tax return.

Iowa Depreciation Adjustment Schedule

Name(s)	Social Security No.
Name of Partnership or Corporation (if applicable)	Federal ID No.

Use this form to compute the Iowa depreciation adjustment:

- If the taxpayer claims the Federal “bonus depreciation” deduction for assets placed in service between September 11, 2001, and September 11, 2004; or
- If the taxpayer disposes of “bonus depreciation” property during the tax year, and Iowa depreciation adjustments were made to the property in previous tax years.

PART I - Computation of Iowa depreciation adjustment: List only depreciable property placed in service during the tax period that falls between September 11, 2001, and September 11, 2004, which requires a depreciation adjustment when computing Iowa taxable income. This should be computed whether the depreciation was claimed on Federal form 4562, federal form 2106, Schedule C, Schedule F or any other Federal schedule.

A	B	C	D	E	F	G	H
Description of Property	Date placed in service	Life of asset	Cost or other basis	Federal Depreciation Deduction	Accumulated Federal Depreciation	MACRS Iowa Depreciation Deduction	Accumulated Iowa Depreciation
Total amounts in columns E and G							

If you have not sold or disposed of any “Bonus Depreciation” property placed in service between September 11, 2001, and September 11, 2004, skip to Part III of this form. If you have disposed of “Bonus Depreciation” property, continue to Part II.

PART II - Disposition adjustments: For each item of property listed below, 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.

A	B	C	D	E	F
Description of property sold or disposed	Date placed in service- mo/day/yr	Date sold or disposed	Total Iowa depreciation taken	Total Federal depreciation taken	Adjustment (subtract column E from column D)
Total amounts in column F					

PART III - Summary of adjustments to net income

- 1. Enter amount from
Part I, column E _____
- 2. Enter amount from
Part I, column G _____
- 3. Adjustment to depreciation
(subtract line 2 from line 1) _____
- 4. Enter amount from
Part II, column F _____
- 5. Add lines 3 and 4 _____

If you file 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
1065	Part I, line 3	Part I, line 6
1120	Schedule A, depreciation adj., line 8	Schedule A, depreciation adj., line 8
1120A	Schedule A, other additions, line 4	Schedule A, other reductions, line 4
1120S	Schedule S, line 3	Schedule S, line 7
1120F	Schedule A, line 7	Schedule D, line 7

INSTRUCTIONS

This form should be completed by any taxpayer who claimed the “bonus depreciation” deduction for assets placed in service between September 11, 2001, and September 11, 2004, provided under the Job Creation and Worker Assistance Act of 2002. This form should be used whether depreciation was claimed 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.

This form should also be completed by any taxpayer who disposes of “bonus depreciation” property during the tax year, and Iowa depreciation adjustments were made to the property in previous tax years.

PART I

List each item of property placed in service between September 11, 2001, and September 11, 2004, for which “bonus depreciation” was claimed on the Federal return. A separate schedule can be attached listing all qualifying property. Grouping of assets by class is also permitted. For example, all 3-year assets, 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 “bonus depreciation” method and the amount of Iowa depreciation using the MACRS method without any bonus depreciation. Iowa depreciation can be calculated by using the version of Federal form 4562 that was applicable before the adoption of bonus depreciation. Total the amount of the Federal depreciation in Column E and the Iowa depreciation in Column G and enter on Part III of the form.

If you have not sold or disposed of any “bonus depreciation” property placed in service between September 11, 2001 and September 11, 2004, you may skip Part II of this form.

PART II

If you sold or disposed of “bonus depreciation” property this year, and the Iowa depreciation adjustment applied to the property in any prior years, 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.

PART III

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

AMENDED RETURNS

If your 2002 return has already been filed claiming deductions for bonus depreciation, an amended return should be filed. If the amended return is filed prior to any contact from the department, no penalties will be assessed.