



HOUSE REPUBLICAN STAFF ANALYSIS

Bill:	Senate File 2492	House Committee:	PASSED on 5/1/26 (24-0)
Committee:	Ways and Means	House Floor:	
Floor Manager:	Rep. Behn	Senate Floor:	PASSED on 4/27/26 (46-0)
Date:	May 2, 2026	Governor:	
Staff:	Kristi Kious (2-5290)		

Foreign Income

- Creates a State corporate income tax deduction for net controlled foreign corporation (CFC)
- Fiscal note:
 - Senate File 2492 is expected to decrease revenue to the General Fund by the following amounts:
 - FY 2026 = \$2.1 million
 - FY 2027 = \$9.2 million
 - FY 2028 = \$11.4 million
 - FY 2029 = \$11.7 million
 - FY 2030 = \$11.9 million
 - FY 2031 = \$12.1 million

Section by Section Analysis

Section 1 – Net income of corporation — how computed (422.35)

The One Big Beautiful Bill Act (OBBBA) of 2025 replaced GILTI with NCTI, which is a U.S. tax law that requires Americans who are owners of foreign corporations to pay federal tax, offset by a 40.0% federal deduction.

Currently, the Iowa Code specifically references a deduction for GILTI under 26 U.S.C. §951A; however, federal code changed GILTI to NCTI. This section creates a State corporate income tax deduction for net controlled foreign corporation (CFC) tested income (net CFC tested income or NCTI) from a foreign corporation, replacing the tax deduction for global intangible low-taxed income (GILTI).