



AmeriCorps Segal Education Award Payments- Tax Free in Iowa!

According to [Iowa Code 701—40.74\(422\)](#), AmeriCorps Segal Education award payments are not taxed as individual state income in Iowa. This can make a big difference in the amount of taxes owed, so be sure to highlight this when working with your tax preparer. To document AmeriCorps Segal Education Award payment as an adjustment, or tax deduction, on your individual Iowa State Income Tax form, please see the directions below. Remember, however, that any Segal Education Award payment *is* still taxable as *federal* income in the year it is redeemed.

Tax year 2010 was the first time that AmeriCorps members and alums could take advantage of the exclusion of education award payments from their Iowa income taxes. These instructions reference 2011 tax forms, specifically the [IA 1040 Long Form](#) return (see excerpt below). However, we expect the process to be similar in future years.

1. Step 4, Gross Income: Your Segal AmeriCorps Education Award payment was included in your federal taxable income, so it will be included in your Iowa taxable income in Step 4.
2. Step 5, Adjustments to Income: You must enter the amount of your Segal AmeriCorps Education Award payments (including interest) on **LINE 24 “Other Adjustments.”** This will result in these payments being deducted from your taxable income.
3. Complete the remainder of the tax form as instructed.

	15. GROSS INCOME. ADD lines 1-14.			
STEP 5 Adjustments to Income ment, and voucher here.	16. Payments to an IRA, Keogh, or SEP	16.	.00	
	17. One-half of self-employment tax	17.	.00	
	18. Health insurance deduction	18.	.00	
	19. Penalty on early withdrawal of savings	19.	.00	
	20. Alimony paid	20.	.00	
	21. Pension/retirement income exclusion	21.	.00 ▲	
	22. Moving expense deduction from federal form 3903	22.	.00	
	23. Iowa capital gain deduction.	23.	.00 ▲	
	24. Other adjustments	24.	.00	
	25. Total adjustments. ADD lines 16-24.			
	26. NET INCOME. SUBTRACT line 25 from line 15.			

For a detailed description of “Other Adjustments” visit the [Department of Iowa Revenue: Individual Income Tax Forms, Expanded Instructions for 2011 pdf](#), “Other Adjustments” Section 24. Y, Page 19.

This form updated January 2012. Please note that the Iowa Commission on Volunteer Service is not an official tax preparer nor is this official tax advice.