

**REVENUE DEPARTMENT[701]**

**Notice of Intended Action**

**Proposing rule making related to permits, filing returns, and payments of sales and use taxes and providing an opportunity for public comment**

The Revenue Department hereby proposes to rescind Chapter 12, “Filing Returns, Payment of Tax, Penalty and Interest,” Chapter 13, “Permits,” Chapter 28, “Definitions,” Chapter 29, “Certificates,” and Chapter 30, “Filing Returns, Payment of Tax, Penalty, and Interest”; amend Chapter 42, “Adjustments to Computed Tax and Tax Credits,” Chapter 52, “Filing Returns, Payment of Tax, Penalty and Interest, and Tax Credits,” Chapter 67, “Administration,” Chapter 81, “Administration,” Chapter 97, “State-Imposed Water Service Excise Tax,” and Chapter 103, “State-Imposed and Locally Imposed Hotel and Motel Taxes”; adopt new Chapter 201, “Sales and Use Tax Permits,” and Chapter 202, “Filing Returns and Payment of Tax”; amend Chapter 215, “Remote Sales and Marketplace Sales”; and adopt new Chapter 258, “Refunds for Eligible Businesses Under Economic Development Authority Programs,” Iowa Administrative Code.

*Legal Authority for Rule Making*

This rule making is proposed under the authority provided in Iowa Code section 421.14 and 2022 Iowa Acts, Senate File 2367.

*State or Federal Law Implemented*

This rule making implements, in whole or in part, 2022 Iowa Acts, Senate File 2367.

*Purpose and Summary*

Pursuant to 2022 Iowa Acts, Senate File 2367, the Iowa Department of Revenue proposes this rule making to replace its existing chapters of rules related to permits, filing returns, and payments of sales and use taxes. Overall, new Chapters 201 and 202 are modeled on current Chapters 13 and 12, respectively, but there are a few notable updates and additions.

The Department will no longer refer to different use tax obligations as “consumer’s use tax” and “retailer’s use tax”; those terms are being replaced by references to “purchases subject to use tax” and “sales subject to use tax,” respectively. This change will be reflected on the revised sales and use tax return, available for tax periods starting on or after July 1, 2022, and will be incorporated into the Department’s informal guidance.

New subrule 201.1(4) establishes a threshold by which the Department expects a taxpayer to obtain a permit to remit use tax instead of filing the nonpermit use tax return. Subrule 201.2(3) reflects current practice related to retroactive or backdated permits and filing and payment obligations for those prior tax periods. Subrule 201.2(5) reflects current practice regarding seasonal permits and adjusts the amount of tax periods in which a taxpayer may file as a seasonal filer to reflect the change from quarterly to monthly tax periods. Rules 701—201.4(423) and 701—201.6(423) relating to reinstatement of canceled permits and changes of locations are updated from their predecessors in Chapter 13 to reflect current practice.

Rule 701—202.1(423) implements the return filing and tax payment frequency changes from 2022 Iowa Acts, Senate File 2367. Rule 701—202.2(423) explains how a taxpayer should complete the new combined sales and use tax return to accurately report which tax type is being reported. Rule 701—202.3(423) establishes proper methods for remitting tax based on filing frequency. Subrule 202.5(3) requires a taxpayer filing a consolidated sales tax schedule to file that return electronically. Subrule 202.11(4) reflects current practice regarding refund claims for use tax.

Rather than retain a rule in a chapter about filing returns, the Department proposes to move rule 701—12.19(15) related to refunds for businesses approved for various Iowa Economic Development

Authority programs into its own new Chapter 258. Rule 701—97.8(423G) related to filing frequency for water service excise tax is also proposed to be updated to reflect the changes made in Senate File 2367. The remaining proposed items update related cross-references.

*Fiscal Impact*

This rule making has no fiscal impact to the State of Iowa.

*Jobs Impact*

After analysis and review of this rule making, no impact on jobs has been found.

*Waivers*

Any person who believes that the application of the discretionary provisions of this rule making would result in hardship or injustice to that person may petition the Department for a waiver of the discretionary provisions, if any, pursuant to rule 701—7.28(17A).

*Public Comment*

Any interested person may submit written or oral comments concerning this proposed rule making. Written or oral comments in response to this rule making must be received by the Department no later than 4:30 p.m. on August 2, 2022. Comments should be directed to:

Tim Reilly  
Department of Revenue  
Hoover State Office Building  
P.O. Box 10457  
Des Moines, Iowa 50306  
Phone: 515.782.0535  
Email: [tim.reilly@iowa.gov](mailto:tim.reilly@iowa.gov)

*Public Hearing*

A public hearing at which persons may present their views orally or in writing will be held as follows:

August 11, 2022  
9 to 10 a.m.

Room 1 NW  
Hoover State Office Building  
Des Moines, Iowa

Persons who wish to make oral comments at the public hearing may be asked to state their names for the record and to confine their remarks to the subject of this proposed rule making.

Any persons who intend to attend the public hearing and have special requirements, such as those related to hearing or mobility impairments, should contact the Department and advise of specific needs.

*Review by Administrative Rules Review Committee*

The Administrative Rules Review Committee, a bipartisan legislative committee which oversees rule making by executive branch agencies, may, on its own motion or on written request by any individual or group, review this rule making at its [regular monthly meeting](#) or at a special meeting. The Committee's meetings are open to the public, and interested persons may be heard as provided in Iowa Code section 17A.8(6).

*Emergency Rule Making Adopted by Reference*

This proposed rule making is also published herein as an Adopted and Filed Emergency rule making (see **ARC 6398C**, IAB 7/13/22). The purpose of this Notice of Intended Action is to solicit public comment on that emergency rule making, whose subject matter is hereby adopted by reference.