REVENUE DEPARTMENT[701]

Adopted and Filed

Pursuant to the authority of Iowa Code sections 421.14 and 422.68, the Department of Revenue hereby adopts amendments to Chapter 38, "Administration," and Chapter 40, "Determination of Net Income," Iowa Administrative Code.

Notice of Intended Action was published in IAB Vol. XXXIV, No. 5, p. 358, on September 7, 2011, as **ARC 9739B**.

Items 1 and 2 amend subrules 38.17(3) and 40.5(2) to provide a cross reference to new rule 701—40.76(422).

Item 3 amends rule 701—40.61(422) to provide for an exclusion from Iowa individual income tax for active duty pay received by national guard members and armed forces reserve members for service under military orders for Operation New Dawn for tax years beginning on or after January 1, 2010.

Item 4 amends 701—Chapter 40 by adopting new rule 701—40.76(422), which provides for an exclusion from Iowa individual income tax for all pay received from the federal government for military service performed while on active duty status in the armed forces, armed forces military reserve, or the national guard for tax years beginning on or after January 1, 2011.

These amendments are identical to those published under Notice of Intended Action.

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

These amendments will become effective December 7, 2011, after filing with the Administrative Rules Coordinator and publication in the Iowa Administrative Bulletin.

These amendments are intended to implement Iowa Code section 422.7 as amended by 2011 Iowa Acts, House File 652.

EDITOR'S NOTE: Pursuant to recommendation of the Administrative Rules Review Committee published in the Iowa Administrative Bulletin, September 10, 1986, the text of these amendments [38.17(3), 40.5(2), 40.61, 40.76] is being omitted. These amendments are identical to those published under Notice as **ARC 9739B**, IAB 9/7/11.

[Filed 10/12/11, effective 12/7/11]
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[For replacement pages for IAC, see IAC Supplement 11/2/11.]