

**422.36 Returns.**

1. A corporation shall make a return and the return shall be signed by the president or other duly authorized officer in accordance with forms and rules prescribed by the director. Before a corporation is dissolved and its assets distributed it shall make a return for settlement of the tax for income earned in the income year up to its final date of dissolution.

2. When any corporation, liable to taxation under [this subchapter](#), conducts its business in such a manner as either directly or indirectly to benefit the members or stockholders thereof or any person interested in such business by selling its products or the goods or commodities in which it deals at less than the fair price which might be obtained therefor, or where a corporation, a substantial portion of whose capital stock is owned either directly or indirectly by another corporation, acquires and disposes of the products, goods or commodities of the corporation so owning a substantial portion of its stock in such a manner as to create a loss or improper net income for either of said corporations, or where a corporation, owning directly or indirectly a substantial portion of the stock of another corporation, acquires and disposes of the products, goods, or commodities, of the corporation of which it so owns a substantial portion of the stock, in such a manner as to create a loss or improper net income for either of said corporations, the department may determine the amount of taxable income of either or any of such corporations for the calendar or fiscal year, having due regard to the reasonable profits which, but for such arrangement or understanding, might or could have been obtained, by the corporation or corporations liable to taxation under [this subchapter](#), from dealing in such products, goods, or commodities.

3. Where the director has reason to believe that any person or corporation so conducts a trade or business as either directly or indirectly to distort the person's or corporation's true net income and the net income properly attributable to the state, whether by the arbitrary shifting of income, through price fixing, charges for services, or otherwise, whereby the net income is arbitrarily assigned to one or another unit in a group of taxpayers carrying on business under a substantially common control, the director may require such facts as are necessary for the proper computation of the entire net income and the net income properly attributable to the state, and shall determine the same, and in the determination thereof the director shall have regard to the fair profits which would normally arise from the conduct of the trade or business.

4. Foreign and domestic corporations shall file a copy of their federal income tax return for the current tax year with the return required by [this section](#).

5. Where a corporation is not subject to income tax and the stockholders of such corporation are taxed on the corporation's income under the provisions of the Internal Revenue Code, the same tax treatment shall apply to such corporation and such stockholders for Iowa income tax purposes.

6. A foreign corporation is not required to file a return if its only activities in Iowa are the storage of goods for a period of sixty consecutive days or less in a warehouse for hire located in this state whereby the foreign corporation transports or causes a carrier to transport such goods to that warehouse and provided that none of the goods are delivered or shipped so as to be included in the gross sales of the corporation within this state as provided in [section 422.33, subsection 2](#), paragraph "a", subparagraph (2), subparagraph division (h).

7. Notwithstanding [subsection 1](#), a return is not required by a taxpayer as provided in [section 29C.24](#).

8. *a.* A corporation shall file a return required under [this section](#) in an electronic format specified by the department for any tax year if any of the following circumstances apply:

(1) The corporation has gross receipts of two hundred fifty thousand dollars or more, as defined by rule by the department.

(2) The corporation reports twenty-five thousand dollars or more of Iowa tax credits on the return.

*b.* A corporation described in [subsection 5](#) shall file all returns required under [this section](#) in an electronic format specified by the department for any tax year if any of the following circumstances apply:

(1) The corporation has gross receipts of two hundred fifty thousand dollars or more, as defined by rule by the department.

(2) The corporation is required to provide ten or more Iowa schedules K-1 to shareholders.

(3) The corporation reports twenty-five thousand dollars or more of Iowa tax credits on the return.

c. **This subsection** applies to any form or schedule supporting a return required to be electronically filed or any amended return if the amended return meets any of the circumstances requiring electronic filing in **this subsection**.

d. (1) Notwithstanding paragraphs “a” and “b”, the department may provide an exception to the requirement to file a return in an electronic format.

(2) A return subject to the electronic filing requirement in **this subsection** that is filed in a manner other than in an electronic format specified by the department shall not be considered a valid return unless the department provides an exception pursuant to this paragraph.

e. The department shall adopt rules to implement **this subsection**.

[C35, §6943-f32; C39, §**6943.068**; C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §422.36]  
87 Acts, 1st Ex, ch 1, §12; 89 Acts, ch 251, §23; 2001 Acts, ch 97, §1, 2; 2012 Acts, ch 1110, §13; 2014 Acts, ch 1026, §141; 2016 Acts, ch 1095, §7, 14, 15; 2020 Acts, ch 1062, §94; 2022 Acts, ch 1061, §6, 9

Referred to in §29C.24, 421.27, 422.16B, 422.31, 422.37, 422.62

Subsection 8 applies to tax years ending on or after December 31, 2022, or for tax years ending on or after December 31 of the calendar year in which the department of revenue implements a system for receiving the electronic returns, whichever is later; 2022 Acts, ch 1061, §9