

CHAPTER 8
FORMS AND COMMUNICATIONS

[Prior to 12/17/86, Revenue Department[730]]

Chapter rescission date pursuant to Iowa Code section 17A.7: 3/26/30

701—8.1(421) Definitions. For the purposes of this chapter, the following definitions apply, unless the context otherwise requires:

“*Communication*” means any method of transfer of data, information, or money by any conduit or mechanism.

“*Department*” means the Iowa department of revenue.

“*Department form*” means a form that is distributed by the department.

“*Director*” means the director of the department or the director’s designee.

“*Form*” means any overall physical arrangement and general layout of communications, using any method of communication, related to tax, alcohol or other administration and prescribed by the director or otherwise required by law.

“*GovConnectIowa*” means the e-services portal of the department.

“*IRS*” means the federal Internal Revenue Service.

“*Person*” means any individual, corporation, limited liability company, government or governmental subdivision or agency, business trust, estate, trust, partnership or association, or any other legal entity.

“*Return*” means the same as defined in Iowa Code section 421.6.

“*Substitute form*” means a form that is intended to replace a department form.

This rule is intended to implement Iowa Code section 421.14.

[ARC 8945C, IAB 2/19/25, effective 3/26/25]

701—8.2(421) Department forms.

8.2(1) *Generally.* Department forms may be available in electronic format, on paper, or in other formats as prescribed by the director. Communications with the department, for which department forms have been created, shall be carried out using those forms or substitute forms.

8.2(2) *Compliance with department forms.* Each direction of every instruction contained within or accompanying department forms shall be followed, and each question within or accompanying every form shall be answered as if the instructions and forms were contained in these rules.

8.2(3) *Obtaining department forms.* Department forms and instructions may be obtained from Taxpayer Services, Iowa Department of Revenue, Hoover State Office Building, P.O. Box 10457, Des Moines, Iowa 50306-0457; by telephoning 800.367.3388 or 515.281.3114; or on the department’s website at revenue.iowa.gov.

8.2(4) *Filing department forms.* A department form may be filed with the department as directed on the department form or in the corresponding instructions. Filing a department form using any other method requires prior approval from the department. Attempting to file a department form using an unapproved method may, at the discretion of the director, result in the rejection of the form and all information contained therein.

8.2(5) *Electronic reporting.* No prior approval is necessary for electronic reporting when the reporting is in accordance with department policy. Any other electronic reporting of a department form requires department approval unless otherwise authorized. Electronic reporting may be required for certain taxpayers and tax types. Additional information regarding electronic reporting for income taxes is available at iowaforms.gov. Electronic forms for other tax types administered by the department are available through GovConnectIowa.

8.2(6) *Signatures.*

a. Paper filings. Unless expressly prohibited by state or federal law, a return, application, or other form may be submitted using an original signature, or a copy or facsimile of a signature. For purposes of this rule, “copy or facsimile of a signature” may be a copy or facsimile of an original signature or a copy or facsimile of an electronic signature.

b. Electronic filings. For income tax returns submitted through the IRS e-file program, see rule 701—8.5(422). For all other returns, applications, or other documents, the following applies. Unless expressly prohibited by state or federal law, a return, application or other form accepted by the department as filed by email or other electronic means may be submitted using an electronic signature or a signature designated by the department in lieu of a handwritten signature. For purposes of this rule, “electronic signature” means an electronic sound, symbol, or process attached to or logically associated with a tax return, application, or other document filed with the department and executed or adopted by a person with the intent to sign the return, application, or other document filed with the department. Electronic signatures appear in many forms and may be created by many different technologies. No specific technology is required. For purposes of this rule, “signature designated by the department” means a symbol or other information that is provided by the department to the taxpayer or the taxpayer’s representative and is to serve instead of the handwritten signature of the taxpayer. In a situation where the taxpayer or the taxpayer’s representative has submitted a return, application, or other document to the department by email, GovConnectIowa, or other electronic means with an electronic signature or signature designated by the department, the department will collect information from the signator to establish the signator’s identity.

This rule is intended to implement Iowa Code sections 421.14, 422.13, 422.14, 422.16, 422.36, 423.31, 450.53, 452A.60, and 453A.14.

[ARC 8945C, IAB 2/19/25, effective 3/26/25]

701—8.3(421) Substitute forms.

8.3(1) Generally. A substitute form may be in electronic format, on paper, or created using other media for communication. Approval shall be obtained prior to the use of any substitute form, unless otherwise noted in this rule. The director may change any department form without providing notice to users of any substitute form. The director may require use of department forms in communications with the department concerning tax administration or other matters.

8.3(2) Types of substitute forms. Many types of forms may, upon approval when necessary, be substituted for department forms. Descriptions of a partial list follow.

a. Reproduced forms. A reproduced form is a legible photocopy or an exact copy of a department form. A reproduced form may be used without prior approval of the department if the reproduced form meets the following conditions:

(1) The reproduced form does not vary from the department form in size or any other format specification.

(2) No rule prohibits the reproduction of the department form.

(3) The reproduced form does not vary from criteria stated elsewhere in this chapter.

b. Replacement forms. A replacement form is produced by imagery or otherwise replicated using the department form as a model, but it is not an exact copy of a department form. A form that is created in its entirety, including layout, by computer is a replacement form. A replacement form may include modifications, such as line enlargement or copy deletion. A replacement form must receive department approval prior to use.

c. Federal forms. A federal form is a form that is distributed by the IRS. A federal form, or its alternate, may be used without department approval if the form is approved for federal use and Iowa tax instructions or other administrative instructions authorize or require the use of the federal form in lieu of a department form.

8.3(3) Registration and approval of substitute forms.

a. Registration. A developer of a substitute form must register with the department by submitting the Registration for Substitute Forms and Barcode Approval. Each registration is valid for one tax year only. Failure to register with the department may, at the discretion of the director, result in the rejection of the developer’s forms and all information contained therein.

b. Approval. Once registered, the developer of a substitute form must request department approval of the form, unless approval is not necessary. The developer may request department approval by submitting a PDF of the form to IDRSubForms@iowa.gov. Those forms listed on the Iowa Substitute Forms Checklist, which is provided with the Registration for Substitute Forms and Barcode Approval, should be submitted for approval. If doubt exists about the need for approval of a particular substitute form, the form should be

submitted for consideration. Attempting to file an unapproved substitute form with the department may, at the discretion of the director, result in the rejection of the form and all information contained therein.

8.3(4) Quality of substitute forms.

a. General information. All substitute forms must, to the extent practicable, reflect the same size, color, content, design, and legibility as department forms posted on the department's website at revenue.iowa.gov.

b. Printed substitute forms. When printed on paper, a substitute form must use only black ink or black imaging material, unless the corresponding department form indicates otherwise. A printed substitute form generally must be printed on 20-pound white paper stock with a brightness rating of at least 92 on the TAPPI scale.

c. Distinctive markings and symbols. A department form may contain distinctive symbols. These symbols must be reproduced on any substitute forms.

8.3(5) Filing substitute forms. A substitute form may be filed with the department as directed on the corresponding department form or instructions or by any other method approved by the department. Attempting to file a substitute form with the department using an unapproved method may, at the discretion of the director, result in the rejection of the form and all information contained therein.

8.3(6) Removable media and electronic reporting. Submitting a substitute form on removable media, such as compact disc, requires prior approval from the department. No prior approval is necessary for electronic reporting when the reporting is in accordance with department policy. Any electronic reporting of a substitute form requires department approval, unless otherwise authorized. Additional information regarding electronic reporting is available at Processing Services, P.O. Box 10413, Des Moines, Iowa 50306; or by email at IDRSubForms@iowa.gov.

This rule is intended to implement Iowa Code section 421.14.

[ARC 8945C, IAB 2/19/25, effective 3/26/25]

701—8.4 Reserved.

701—8.5(422) Electronic filing of Iowa income tax returns. There is no statutory requirement that individual income taxpayers file their Iowa income tax returns electronically. Some businesses, estates, and trusts may be required to file Iowa tax returns electronically. Taxpayers not subject to an electronic filing requirement also have the option to file by paper. When a taxpayer files an electronic return, all information related to the return should be electronically transmitted through an approved channel. No information is to be submitted on paper unless specifically requested by the department. A taxpayer's electronic Iowa return shall include the same information as if the taxpayer had filed a paper return.

8.5(1) Definitions. For the purpose of this rule, the following definitions apply, unless the context otherwise requires:

"Acknowledgment" means a report generated by the department and sent electronically to a transmitter via the IRS indicating the department's acceptance or rejection of an electronic submission.

"Declaration for e-File Return form" means a taxpayer declaration form that authenticates the electronic tax return, authorizes its transmission, and consents to the financial transaction order as designated using the financial institution information provided.

"Direct debit" means an order for electronic withdrawal of funds from a taxpayer's financial institution account for payment to the department.

"Direct deposit" means an order for electronic transfer of a refund into a taxpayer's financial institution account.

"E-file provider" means a firm that is assigned an Electronic Filing Identification Number (EFIN) by the IRS to assume any one or more of the following IRS e-file provider roles: electronic return originator, intermediate service provider, transmitter, software developer, or reporting agent.

"Electronic filing" means a paperless filing of the Iowa income tax return, order for financial transaction, or both by way of the IRS e-file program, also known as federal/state electronic filing (MeF).

"Electronic return originator" or *"ERO"* means an authorized IRS e-file provider that originates the electronic submission by any one of the following methods: electronically sending an electronic tax return to a transmitter that will transmit the electronic tax return to the IRS, directly transmitting the electronic tax

return to the IRS, or providing the electronic tax return to an Intermediate Service Provider for processing prior to transmission to the IRS.

“Electronic signature” includes data in electronic form, which is logically associated with other data in electronic form and executed or adopted by a person with the intent to sign a document. This type of signature has the same legal standing as a handwritten signature if the requirements in either paragraph 8.5(2)“b” or “c” are met. Electronic signatures appear in many forms and may be created by many different technologies. No specific technology is required.

“Intermediate service provider” means the firm that assists with processing submission information between the ERO (or the taxpayer in the case of online filing) and a transmitter.

“Online filing” means the process for taxpayers to self-prepare returns by entering return data directly into commercially available software, software downloaded from an Internet site and prepared offline, or through an online Internet site.

“Origination of an electronic return” means the action by an ERO of electronically sending the return directly to an Intermediate Service Provider, a transmitter, or the IRS.

“Reporting agent” means a firm that originates the electronic submission of certain returns for its clients or transmits the returns to the IRS in accordance with the IRS electronic filing procedures, or both.

“Software developer” means an approved IRS e-file provider that develops software according to IRS and Iowa specifications for the purposes of formatting electronic returns, transmitting electronic returns directly to the IRS, or both. A software developer may sell its software.

“Stockpiling” means collecting returns from taxpayers or from other e-file providers and waiting more than three calendar days after receiving the information necessary for transmission to transmit the returns to the department.

“Transmitter” means a firm that transmits electronic tax return information directly to the IRS and routes electronic acknowledgments from the IRS (and the states) to the firm originating the electronic return.

8.5(2) *Completion and documentation of the electronic return.*

a. The electronic submission must match the prepared return. The taxpayer(s) must declare the authenticity of the electronic return before it is transmitted. If the ERO makes changes to the electronic return after the Declaration for e-File Return form has been signed by the taxpayer(s), a new Declaration for e-File Return form must be completed and signed by the taxpayer(s) before the return is transmitted.

b. Electronic signature via remote transaction. In lieu of in-person handwritten signatures, a paid preparer, at the discretion of the taxpayer, may collect taxpayers’ electronic signatures remotely by a process using identity verification and audit trail in the manner that the IRS allows for Form 8879.

c. Electronic signature via in-person transaction. Before a taxpayer electronically signs a Declaration for e-File Return form in which the ERO is physically present with the taxpayer, the ERO must validate the taxpayer’s identity unless there is a multiyear business relationship. A multiyear business relationship is one in which the ERO has originated returns for the taxpayer for a prior tax year and has identified the taxpayer using a valid government picture identification and the method in paragraph 8.5(2)“b.” For in-person transactions, identity verification through a record check is optional.

d. The ERO must provide the taxpayer with a copy of all information to be filed. The taxpayer and ERO must retain all tax documentation for three years. The Declaration for e-File Return form and accompanying schedules are to be furnished to the department only when specifically requested.

8.5(3) *Direct deposit and direct debit.*

a. Taxpayers designating direct deposit of the Iowa refund or direct debit of payment remitted to the department on electronically filed returns must provide proof of account ownership to the ERO. The department is not responsible for the misapplication of a direct deposit refund or direct debit payment caused by error, negligence, or wrongdoing on the part of the taxpayer, e-file provider, financial institution, or any agent of the above.

b. Once the return has been transmitted, the financial order may not be altered. The department may, when processing procedures allow, grant a taxpayer’s timely request to revoke the financial order. The taxpayer is responsible for revoking the financial order if the specified payment is not exactly as intended.

A direct deposit or direct debit order will be disregarded by the department if the electronic submission is rejected for any reason as indicated in the acknowledgment.

c. The department may, when processing procedures require, convert a direct deposit order to a paper warrant. If a refund is deposited into an incorrect bank account, the department will issue a paper refund warrant once the funds are returned by the financial institution.

d. Payment withdrawal date.

(1) Funds will be withdrawn from the account specified in the direct debit order no sooner than the date specified by the taxpayer.

(2) Payment must be timely made to prevent the assessment of all applicable penalty and interest. A direct debit payment within an electronic submission is considered timely made when:

1. The department accepts the electronic submission;
2. The electronic postmark date is prior to the tax due date;
3. The payment withdrawal date is prior to the tax due date; and
4. The direct debit payment is honored by the specified financial institution.

(3) When the tax due date has not yet elapsed, the withdrawal date should occur on or before the tax due date. Scheduling a withdrawal date after the tax due date will result in the assessment of all applicable penalty and interest unless the taxpayer otherwise makes payment before the tax due date.

(4) When the tax due date has already elapsed, the withdrawal date should specify immediate payment to prevent the accrual of additional interest.

(5) Withdrawal cannot occur prior to the electronic postmark date. When the taxpayer attempts to schedule a withdrawal date that is prior to the electronic postmark date, the electronic postmark date is the withdrawal date.

(6) If a taxpayer wants to change the withdrawal date specified in a financial order, the taxpayer must revoke the financial order and submit a new financial order. If the department determines that the taxpayer may have erroneously scheduled a withdrawal date, the department may notify the taxpayer of the possible error, but the department is not required to do so.

8.5(4) *Software approval.* Software developers that want to develop electronic submission formatting software for e-filing Iowa returns shall register their respective software products annually with the department. The department publishes specifications, test packages, and testing procedures. Software must pass transmission tests before the department will approve it for electronic filing of Iowa income tax returns. The department will define the test period annually.

8.5(5) *ERO acceptance to participate.* Once accepted by the IRS as an ERO for a specific tax type, the ERO is automatically accepted to e-file Iowa returns of that tax type, provided that the department offers the tax type for e-file.

8.5(6) *Suspension of an e-file provider from participation in the Iowa electronic filing program.*

a. The department may immediately suspend, without notice, an e-file provider from the Iowa electronic filing program. In most cases, a suspension is effective as of the date of the letter informing the e-file provider of the suspension. Before suspending an e-file provider, the department may issue a warning letter describing specific corrective action required to correct deviations set forth in paragraph 8.5(6)“b.” An e-file provider will be automatically prohibited from participating in the Iowa electronic filing program if denied participation in, or suspended from, the federal electronic filing program.

b. An e-file provider that is eligible to participate in the federal electronic filing program may be suspended from the Iowa electronic filing program if any of the following conditions occur. The list is for illustrative purposes only and is not deemed to be all-inclusive.

- (1) Deterioration in the format of electronic returns transmitted.
- (2) Unacceptable cumulative error or rejection rate or failure to correct errors resulting from the transmission of electronic returns.
- (3) Untimely received, illegible, incomplete, missing, or unapproved substitute Declaration for e-File Return forms when requested by the department.
- (4) Stockpiling returns at any time while participating in the Iowa electronic filing program.
- (5) Failure on the part of the transmitter to retrieve acknowledgments within two working days of the department’s providing them.

(6) Failure on the part of the transmitter to initiate the communication of acknowledgments to the ERO within two working days of the department's providing them.

(7) Significant complaints about the e-file provider.

(8) Failure on the part of the e-file provider to cooperate with the department's efforts to monitor e-file providers, investigate electronic filing abuse, and investigate the possible filing of fraudulent returns.

(9) Submitting the electronic return with information that is not identical to information on the Declaration for e-File Return form.

(10) Transmitting the electronic return with software not approved by the department for use in the Iowa electronic filing program for the given tax type and tax period.

(11) Failure on the part of the e-file provider to provide W-2s, 1099s, or out-of-state tax returns when requested by the department.

8.5(7) *Administrative procedure for denial of participation or suspension of participation.*

a. When a firm has requested participation in the Iowa electronic filing program but there is reason to deny the request, the department shall send written notice to the firm advising that entry into the program has been denied. When an e-file provider is a participant in the Iowa electronic filing program but is to be suspended from the program for any condition described in subrule 8.5(6), the department will send written notice to notify the e-file provider about its suspension from the program.

b. When the firm either disagrees with the denial of participation or the suspension from participation, the firm must file a written appeal to the department within 60 days of the date of the denial or the suspension. The written appeal must be filed pursuant to rule 701—7.8(17A). During the administrative review process, the denial of the firm's participation in or the suspension of the firm from the Iowa electronic filing program shall remain in effect.

This rule is intended to implement Iowa Code sections 422.21 and 422.68.

[ARC 8945C, IAB 2/19/25, effective 3/26/25]

701—8.6(421) Electing to receive communications in electronic format in lieu of paper. A taxpayer that is a registered account holder in GovConnectIowa may elect to receive notices, correspondence, or other communication electronically through GovConnectIowa in lieu of receiving them by mail.

8.6(1) *How to make the election.* The election must be made by selecting the appropriate setting on GovConnectIowa.

8.6(2) *Limitations.*

a. This election only exists for persons registered in GovConnectIowa.

b. Unless specified elsewhere in rule, this option is limited to notices, correspondence, or other communications on tax types managed in GovConnectIowa.

c. Where the department finds it beneficial to continue to send items by regular mail, the department may continue to send regular mail even if an electronic copy is also provided and even if the person elects to receive electronic mail.

8.6(3) *When service occurs.* If the department sends a notice, correspondence, or other communication by both mail and electronic communication, service occurs upon the earlier of when the communication is posted to GovConnectIowa or mailed.

8.6(4) *Taxpayer authorized representatives.* Authorized representatives as described in rule 701—8.8(17A,22,421,422) cannot opt out of paper mail for the taxpayers they represent. For each account an authorized representative represents, the authorized representative will receive paper copies of notices, correspondence, or other communication sent to the represented taxpayer. If the authorized representative creates a login and requests and is granted account access for the represented taxpayer, the authorized representative will be able to view electronic versions of the notices, correspondence, or other communication the represented taxpayer receives, but the authorized representative will still receive paper copies of those notices, correspondence, or other communication.

This rule is intended to implement Iowa Code section 421.60(11).

[ARC 8945C, IAB 2/19/25, effective 3/26/25]

701—8.7(422,533) Mandatory electronic filing for certain business entity and fiduciary taxpayers. Iowa corporate and fiduciary income and franchise taxpayers, credit unions subject to the moneys and

credits tax, and pass-through entities subject to Iowa income reporting requirements, are required to file their annual returns in an electronic format approved by the department for any tax year in which certain criteria are met. This rule provides information needed to determine whether any entity is subject to this electronic filing requirement for a given tax year.

8.7(1) Definitions.

“*Business entity*,” when used in this rule, means entities taxed as corporations, partnerships, S corporations, and financial institutions as defined in Iowa Code section 422.61.

“*Fiduciary taxpayer*” means the same as “fiduciary” as defined in Iowa Code section 422.4.

“*Iowa tax credits*” means refundable and nonrefundable tax credits authorized under the Iowa Code for the tax year in which they are claimed or applied, but does not include credits for prior payments.

“*Return*,” when used in this rule, means Form IA 1120, IA 1120S, IA 1120F, IA 1065, IA PTE-C, IA 1041, or Iowa credit union moneys and credits tax return, as context requires, and includes amended returns, supporting schedules, attachments, or lists that are supplemental to or part of the filed return.

“*Taxpayer*,” unless the context otherwise requires, means any business entity, financial institution, credit union or fiduciary taxpayer as defined in this rule.

“*Tax year*” means any period of up to 12 months, including periods of less than 12 months, for which a taxpayer subject to this rule is required to file an Iowa income tax, franchise tax, moneys and credits, or information return.

“*Total gross receipts*” means gross receipts or sales from all business operations conducted within and without Iowa without any adjustment for returns and allowances, and also includes receipts from all interest, dividends, rents, and royalties; income from ordinary and capital gains; and the distributive share of income received by the taxpayer from a partnership, S corporation, estate, or trust.

8.7(2) Electronic format for filing. The following are the only approved methods of electronic filing:

a. Business entity and fiduciary taxpayers. A business entity or fiduciary taxpayer that meets any of the criteria for mandatory electronic filing in subrule 8.7(3) shall file a paperless Iowa income or franchise tax return by way of the Internal Revenue Service (IRS) Modernized e-File (MeF) program, also known as federal/state electronic filing, in a manner consistent with the requirements of rule 701—8.5(422).

b. Moneys and credits taxpayers. Credit unions shall file a paperless Iowa moneys and credits tax return using an electronic form provided by the department through GovConnectIowa.

8.7(3) Criteria for mandatory electronic filing. This subrule applies to business entities for tax years ending on or after December 31, 2022; to fiduciary taxpayers for tax years ending on or after December 31, 2023; and to moneys and credits taxpayers for any tax year ending on or after December 31, 2024. Every taxpayer required to file an Iowa income, franchise, or moneys and credits tax return for an applicable year must file using the electronic format specified in subrule 8.7(2) if the taxpayer meets any of the following criteria for the tax year:

a. Gross receipts. The taxpayer has \$250,000 or more in total gross receipts for the tax year.

b. Iowa tax credits. The taxpayer claims or applies \$25,000 or more of Iowa tax credits on the return for the tax year.

c. Iowa Schedules K-1. The taxpayer is required to issue ten or more Iowa Schedules K-1 to its partners, members, shareholders, or beneficiaries for the tax year.

d. Consolidated corporate return. The taxpayer elects or is required to file or be included on an Iowa consolidated corporate income tax return under Iowa Code section 422.37 for the tax year.

e. Moneys and credits return. All credit unions required to file an Iowa moneys and credits tax return for a tax year are required to file electronically.

f. Composite return. Any partnership, S corporation, or fiduciary filer that is both required to file an Iowa composite return and required to electronically file an income tax return for any period under this subrule must also electronically file the composite return for that period.

8.7(4) Returns not in compliance with this rule. Any return filed in any manner other than the manner specified in subrule 8.7(2) by a taxpayer that meets any of the criteria for mandatory electronic filing as described in subrule 8.7(3) is not a valid return. The taxpayer is a nonfiler for the tax year for which the return was required, and may be subject to the failure to file penalties as provided for in rules

701—10.6(421) and 701—10.9(421), until such time as the taxpayer files the return in the proper electronic format. This subrule shall not apply if an exception has been granted under subrule 8.7(5).

8.7(5) Exceptions. At the department's discretion, exceptions to the electronic filing requirement under this rule may be granted for good cause. The taxpayer bears the burden to prove that good cause exists for the failure to file electronically. Except as provided in paragraph 8.7(5) "b," a claim that the return preparation software purchased or licensed by a taxpayer or taxpayer's return preparer does not include all of the features necessary to comply with the taxpayer's Iowa filing obligations shall not be considered good cause for purposes of granting an exception to the electronic filing requirement.

a. Requests for exceptions to the electronic filing requirement.

(1) Form of request. Requests for exceptions to the electronic filing requirement must be submitted by mail or online through GovConnectIowa on forms provided by the department.

(2) Timing of request. Requests for exceptions to the electronic filing requirement must be submitted before the return is filed.

(3) Department determination. The department will notify the taxpayer in writing whether a request for an exception to the electronic filing requirement has been approved or denied. If the department does not respond to a taxpayer's valid request for an exception to the electronic filing requirement within 90 days of the date the request is received, the request shall be deemed accepted.

(4) Applicability of exception. An exception to the electronic filing requirement, if granted, shall only be valid for the tax year for which it was approved.

b. Special relief provided by the department. The department may, at its discretion, offer a good-cause exception to the electronic filing requirement for filers of a specific return type or form for a specific filing period by providing such an exception in the instructions for that return type or form or by an order issued by the director. Taxpayers must comply with all instructions provided by the department in order to qualify for relief.

c. Temporary one-time relief for business entity and fiduciary taxpayers. For tax years ending on or before December 31, 2023, if the department determines a taxpayer that filed a paper return was required to file in an electronic manner as provided in this rule, the department will notify the taxpayer in writing of the requirements of this rule. If the taxpayer properly files in an electronic manner within 30 days of the date of the notification under this paragraph, the department shall grant an exception to the requirements of this rule and deem the originally filed paper return a valid return. A taxpayer shall only be granted the benefit of this paragraph for one eligible return.

d. Temporary one-time relief for moneys and credits taxpayers. For tax years ending on or before December 31, 2024, if the department determines a moneys and credits taxpayer that filed a paper return was required to file in an electronic manner as provided in this rule, the department will notify the taxpayer in writing of the requirements of this rule. If the taxpayer properly files in an electronic manner within 30 days of the date of the notification under this paragraph, the department shall grant an exception to the requirements of this rule and deem the originally filed paper return a valid return. A taxpayer shall only be granted the benefit of this paragraph for one eligible return.

This rule is intended to implement 2022 Iowa Acts, House File 2552, division II.

[ARC 8945C, IAB 2/19/25, effective 3/26/25]

701—8.8(17A,22,421,422) Authorized representatives—powers of attorney and representative certifications. No individual will be recognized as representing any taxpayer in regard to any tax claim, tax appeal, or other tax matter before the department or in any communication with or hearing before the department, or any agent thereof, unless a written authorization in compliance with this rule and Iowa Code section 421.59 is first filed with the department. If a taxpayer wishes to allow the department to discuss otherwise confidential tax matters with an individual without giving that individual authority to act on the taxpayer's behalf, the taxpayer must provide the department with written authorization to disclose such confidential tax information as provided in rule 701—5.7(17A,22,99G,123,421-454).

8.8(1) Individuals authorized to represent a taxpayer, generally; transfers of decision-making authority.

a. If a taxpayer wishes to have any other individual act on the taxpayer's behalf in matters before the department, the taxpayer must file with the department an IDR power of attorney form, as described in

subrule 8.8(5), authorizing that individual to do so. This applies even if an individual desires to represent a taxpayer only through correspondence with the department but does not intend to personally appear before the department in a hearing or conference.

b. Individuals with the authority to act on behalf of a taxpayer, including pursuant to Iowa Code section 421.59(2) or chapter 633B, must file a representative certification form as described in subrule 8.8(6).

8.8(2) Powers authorized.

a. An IDR power of attorney or representative certification form, or other form designated by the department, as applicable, is required by the department before an individual can perform one or more of the following acts on behalf of the taxpayer:

(1) To receive copies of any notices or documents sent by the department, its representatives, or its attorneys.

(2) To receive, but not to endorse or collect, checks made payable to the taxpayer in payment of a refund of Iowa taxes, penalties, or interest. Certain representatives with a valid representative certification form or equivalent authorization may be authorized to receive, endorse, and collect checks made payable to the taxpayer in payment of a refund of Iowa taxes, penalties, or interest.

(3) To execute waivers (including offers of waiver) of restrictions on assessment or collection of deficiencies in tax and waivers of notice of disallowance of a claim for credit or refund.

(4) To execute consents extending the statutory period for assessment or collection of taxes.

(5) To fully represent the taxpayer in any hearing, determination, final or otherwise, or appeal. Subrule 8.8(8) contains additional requirements.

(6) To enter into any settlement or compromise with the department.

(7) To execute any release from liability necessary as a prerequisite to divulging otherwise confidential information concerning the taxpayer.

(8) To authorize a third party as authorized representative or disclosure designee for the taxpayer.

(9) To waive, withdraw, or dismiss any claims or defenses or amend a pleading, to the extent permitted by subrule 7.8(7).

b. The taxpayer may limit the scope of the authority of an authorized representative appointed via an IDR power of attorney form by expressly stating the limitations, if any, on the IDR power of attorney form submitted to the department. The scope of authority of an authorized representative may not expand beyond those powers authorized in this rule.

8.8(3) Submitting a form.

a. Submit separately. An IDR power of attorney form or representative certification is not accepted as an attachment to a tax return except as provided by these rules. A power of attorney form or representative certification form must be submitted in accordance with the submission instructions on the form(s).

b. Original or electronic forms accepted. The department may accept either an original form, an electronically scanned and transmitted form, or a copy of a form. A copy received by facsimile transmission (fax) or email may be accepted.

c. Timely submission. The form must be submitted within six months of the date of signature, or it will be considered invalid.

d. Appointment of a representative via another form. The department designates certain returns or other departmental forms on which a taxpayer may appoint an authorized representative.

e. Signature. The signature on the form must be a handwritten signature, a digital signature with a digital certificate, or a signature otherwise accepted by the IRS for purposes of third-party authorization.

8.8(4) Communications with represented taxpayers. Any notice or other written communication (or copy thereof) from the department provided to the authorized representative, where required or permitted to be given to the taxpayer, will be given to the taxpayer as well.

8.8(5) Powers of attorney. Taxpayers must ensure that all required fields of the IDR power of attorney form are properly completed.

a. Individuals who may execute an IDR power of attorney form. Individuals who are permitted to execute an IDR power of attorney form are as follows:

(1) Individual. In matters involving an individual taxpayer, an IDR power of attorney form must be signed by the taxpayer or the taxpayer's authorized representative.

(2) Joint or combined returns. In matters involving a joint return, each taxpayer must complete and submit an IDR power of attorney form, even if the taxpayers are represented by the same appointee(s). In any matter concerning a joint return, the authorized representative of one spouse cannot perform any act with respect to a tax matter that the spouse represented cannot perform alone.

b. Contents of the IDR power of attorney form. A valid IDR power of attorney form contains the following information:

(1) Legal name and address of the taxpayer;

(2) Identification number of the taxpayer (i.e., social security number (SSN), federal employer identification number (FEIN), or any federal- or Iowa-issued tax identification number), or other number as approved by the department;

(3) Name, mailing address, and identification number of the representative (i.e., preparer's tax identification number (PTIN), SSN, centralized authorization file (CAF) number, any federal- or Iowa-issued tax identification number, or other number as approved by the department);

(4) Description of the matter(s) for which representation is authorized, which may include:

1. The type of tax(es) involved or an indication that all tax types are within the scope of authority;

2. The specific year(s) or period(s) involved or an indication that the scope is unlimited (not to exceed three years into the future beyond the signature date);

3. Iowa tax permit number;

4. No limitation on tax type, year/period, or permit will allow the authorized representative to act for any tax type/year/period/permit.

(5) A clear expression of the taxpayer's intention concerning any restrictions to the scope of authority granted to the recognized representative(s) as provided in subrule 8.8(2).

(6) A signature on the form, which may be a handwritten signature, a digital signature with a digital certificate, or a signature otherwise accepted by the IRS for purposes of third-party authorization.

(7) Any other information required by the department.

c. Authorization period for an IDR power of attorney form.

(1) An IDR power of attorney form may be used to authorize representation for tax periods that end within three years after the date on which the form is signed by the taxpayer. The authority granted may concern an unlimited number of tax periods that have ended prior to the date on which the IDR power of attorney form is received by the department; however, tax periods must be stated if the intention is to limit the periods. If the tax period section is left blank, all tax periods, including those ending up to three years in the future, are included.

(2) The authority granted by an IDR power of attorney form ceases to be effective for tax periods as defined in subparagraph 8.8(5) "c"(1) upon revocation by the taxpayer; incapacity of the taxpayer; death of the taxpayer; or withdrawal, death, or incapacity of the authorized representative.

d. Evaluation of documentation provided. The department will evaluate the IDR power of attorney form and any additional documentation to confirm authority. Authority to act before the department only covers those matters and time frames covered by the submitted documentation. The party claiming authority to act before the department on behalf of a taxpayer has the burden to prove, to the satisfaction of the department, the existence and extent of the claimed authority.

e. Revocation and withdrawal.

(1) Revocation by the taxpayer.

1. By written statement. By filing a statement of revocation with the department, a taxpayer may revoke authority granted by an IDR power of attorney form without authorizing a new representative. The statement of revocation must indicate that the authority of the previous representative is revoked and be signed by the taxpayer. The name and address of each representative whose authority is revoked must be listed (or a copy of the prior IDR power of attorney form must be attached). If the writing indicates that authorization should be revoked from "all" authorized representatives, this will apply to all representatives appointed via an IDR power of attorney form or an entity representative form.

2. By filing a new IDR power of attorney form. Filing a new IDR power of attorney form for a particular tax type(s) and tax period(s) automatically revokes a previously granted authority for the same tax type(s) and tax period(s). For a previously designated authorized representative to remain as the taxpayer's authorized representative when a subsequent IDR power of attorney form is filed, the taxpayer must include the representative on the newly submitted IDR power of attorney form. This rule applies regardless of whether the power of attorney authority is authorized by an IDR power of attorney form or on a return as described in subrule 8.8(7). This subrule does not apply to entities appointed as authorized entity representatives under subrule 8.8(9).

(2) Withdrawal by the authorized representative. By filing a statement with the department, an authorized representative may withdraw from representation in a matter in which an IDR power of attorney form has been filed. The statement must be signed by the representative and identify the name, identification number, and address of the taxpayer(s); the name, address and identification number of the representative withdrawing; and the matter(s) from which the representative is withdrawing. A representative may withdraw from multiple matters by including with the statement a list of all matters and taxpayers for which withdrawal is desired.

(3) Administrative revocation by the department. The department may administratively revoke any third-party access authority, including those appointed via the IDR power of attorney form or representative certification form.

8.8(6) *Representative certification; durable and general powers of attorney.*

a. Authorized representatives. Individuals with the authority to act on behalf of a taxpayer granted outside of IDR, including pursuant to Iowa Code section 421.59(2) or chapter 633B, must file with the department a form certifying their authority to represent the taxpayer prior to utilizing that authority with the department. Individuals authorized by an IDR power of attorney form should not file a representative certification form for themselves.

b. Contents of the representative certification form. The representative certification form must include the following information:

- (1) Legal name and address of the taxpayer;
- (2) Identification number of the taxpayer (i.e., SSN, FEIN, any federal- or Iowa-issued tax identification number relative to matters covered by the IDR power of attorney form, or other number as approved by the department);
- (3) Name, mailing address, and identification number (i.e., SSN, CAF number, any federal- or Iowa-issued tax identification number, or other number as approved by the department) of the representative.
- (4) Proof of authority must be included with the form as follows:
 1. Durable power of attorney or general power of attorney other than an IDR power of attorney form: a copy of the power of attorney document;
 2. Guardian, conservator, or custodian appointed by a court: documentation as required in Iowa Code section 421.59(2)“a”;
 3. Receiver appointed pursuant to Iowa Code chapter 680: a copy of the relevant court order(s);
 4. Licensed attorney appearing on behalf of the taxpayer or the taxpayer's estate in a court proceeding: a copy of the filed notice of appearance in the relevant court proceeding;
 5. Parent or guardian of a minor taxpayer: a copy of the return signed by the parent or guardian or proof of status as parent or guardian, such as a birth certificate or equivalent document, stating parent and minor taxpayer's names, as well as the minor taxpayer's date of birth. By submitting a copy of a return signed by the parent or guardian, the parent or guardian will only have authority in relation to that return. Without other authorization, such as a court-ordered guardianship, a parent's right to access a minor taxpayer's account will cease when the minor taxpayer reaches majority;
 6. Executor or personal representative: a copy of the will or court order appointing the individual;
 7. Trustee: a copy of the certificate of trust, trust document, or court order appointing the representative;
 8. The following categories of authorized representative do not require documentation:
 - Individual holding one of the following titles within a corporation, association, partnership, or other entity:

- Officer/employee of corporation/association;
- Designated partner authorized to act on behalf of a partnership;
- Individual authorized to act on behalf of a limited liability company in tax matters;
- Governmental representative.
- Successor of a very small estate under Iowa Code section 633.356(2).

(5) Affirmation of authority to act on behalf of the taxpayer, and agreement to only act within that authority. Affirmation will be signed under penalty of perjury.

(6) A signature of the representative on the form, which must be a handwritten signature, a digital signature with a digital certificate, or a signature otherwise accepted by the IRS for purposes of third-party authorization;

(7) Any other information requested by the department.

c. *Evaluation of documentation provided.* The department will evaluate documentation submitted in support of a representative certification to confirm authority. Authority to act before the department shall only cover those matters and time frames covered by the submitted documentation. The party claiming authority to act before the department on behalf of a taxpayer has the burden to prove, to the satisfaction of the department, the existence and extent of the claimed authority.

d. *Revocation.* A representative certification may be revoked in the following ways:

(1) By the representative being withdrawn, following procedures in subparagraph 8.8(5) “e”(2).

(2) By the taxpayer, following procedures in subparagraph 8.8(5) “e”(1).

(3) By another representative. An authorized representative properly appointed by a representative certification or an IDR power of attorney form may notify the department that an authorized representative no longer has authority to act on behalf of the taxpayer by filing a statement of revocation with the department. The notification statement must indicate the taxpayer’s name, address, and identification; state that the authority of the former representative has ceased; and be signed by a current authorized representative. Also, the name and address of each representative who no longer has authority must be listed (or a copy of the prior representative certification form must be attached).

(4) Administrative revocation by the department, following procedures in paragraph 8.8(5) “e.”

8.8(7) *Returns that may be used to grant power of attorney authority.* An IDR power of attorney form is not needed for individuals who have been named as an authorized representative on a fiduciary return of income filed under Iowa Code section 422.14, a corporation or S corporation return filed under Iowa Code section 422.36 or 422.37, a partnership return filed under Iowa Code section 422.15, a franchise tax return filed under Iowa Code section 422.62, a moneys and credits return filed under Iowa Code section 533.329, or a tax return filed under Iowa Code chapter 450.

8.8(8) *Individuals authorized to represent themselves or others in a contested case proceeding.* The right to represent oneself or others in connection with any contested case proceeding before the department or administrative hearings division is limited to the following classes of individuals, so long as such representation is not barred by another provision of law. Representatives must have a valid IDR power of attorney form or valid representative certification form on file with the department to represent others in a contested case proceeding. The right to represent a taxpayer before the department or the administrative hearings division does not confer the right to represent the taxpayer in a judicial proceeding.

a. Individuals representing themselves. One spouse may not represent the other in contested case proceedings unless the spouse is acting in a capacity described in paragraphs 8.8(8) “b” through “j”;

b. Attorneys duly qualified and entitled to practice in the courts of the state of Iowa;

c. Attorneys who are entitled to practice before the highest court of record of any other state and who have complied with the requirements for admission to practice before the courts of the state of Iowa pro hac vice;

d. Accountants who are authorized, permitted, or licensed under Iowa Code chapter 542;

e. Duly authorized directors or officers of corporations representing the corporation of which they are respectively a director or officer. Attorneys who are acting in the capacity of a director or officer of a corporation must comply with paragraph 8.8(8) “b” or “c”;

f. Partners representing their partnership. Attorneys who are acting in the capacity of a partner must meet the requirements of paragraph 8.8(8) “b” or “c”;

g. Fiduciaries including trustees, receivers, guardians, personal representatives, administrators, and executors. For purposes of this rule, a fiduciary is considered to be the taxpayer and not a representative of the taxpayer;

h. Government officials authorized by law;

i. Enrolled agents, currently enrolled under 31 CFR Section 10.6(2011) for practice before the IRS, representing a taxpayer in proceedings under Iowa Code chapter 422; and

j. Conservators, guardians, or durable powers of attorney appointed to handle tax matters.

8.8(9) Entities as authorized representatives.

a. Appointment.

(1) A taxpayer may authorize an entity to act on its behalf in tax-related matters by following the procedures described in this subrule in a manner approved by the department. By appointing an authorized entity representative, the taxpayer consents to the authorized entity representative, and any individuals submitted to the department by the authorized entity representative, as described in paragraph 8.8(9)“c,” sending and receiving the taxpayer’s information to and from the department and taking any other action described in these rules. By appointing an authorized entity representative, the taxpayer understands that the authorized entity representative is solely responsible for maintaining an accurate list of individuals allowed to act on the taxpayer’s behalf. The taxpayer agrees that any improper disclosure or use of the taxpayer’s information by the entity or entity’s current or former employees, agents, or contractors is solely the responsibility of the entity and the entity’s employees, agents, or contractors. The department is not liable for any acts or omissions of the entity or the entity’s employees, agents, or contractors.

(2) The taxpayer’s consent must be in writing, in a form specified by the department, including a signature and date. The signature must be a handwritten signature, a digital signature with a digital certificate, or a signature otherwise accepted by the IRS for purposes of third-party authorization.

b. Department approval of authorized entity representatives.

(1) The department will review authorized entity representative appointments.

(2) The department has the authority to approve, deny, or remove third-party access to any entity or individual employee upon review.

c. Duties of the authorized entity representative.

(1) The authorized entity representative is responsible for managing access for individual employees that it authorizes to act on behalf of the taxpayer in a manner defined by the department. The authorized entity representative provides the department a single point of contact for matters involving the entity’s status as an approved entity representative.

(2) The authorized entity representative single point of contact must have a valid IA 2848 or representative certification form on file on behalf of the authorized entity representative.

(3) The authorized entity representative will provide information regarding each individual employee authorized to act on behalf of the taxpayer as determined by the department. This information will be used to identify the individual employee when contacting the department. The authorized entity representative will maintain with the department an accurate and up-to-date list of individual employees that the authorized entity representative has authorized to act on a taxpayer’s behalf under this rule. The authorized entity representative will remove any individuals from its list with the department as soon as an individual is no longer employed by the entity or is no longer authorized by the entity to act on behalf of a taxpayer. The authorized entity representative shall submit all information and changes to information to the department via GovConnectIowa.

(4) The authorized entity representative is responsible for the actions taken by its employees, agents, and contractors on behalf of the taxpayer.

(5) The authorized entity representative shall remain in good standing with the department.

d. Powers authorized. An authorized entity representative may be granted any or all of the powers described in subrule 8.8(2). The taxpayer may limit the authorized entity representative as described therein and by tax type. If the tax type field is left blank, all tax types are included within the scope of the authorized entity representative’s authority.

e. Contents of form. A valid IDR authorized entity representative form contains the information specified in paragraph 8.8(5)“b.”

f. Authorization period.

(1) An authorized entity representative may be used to authorize representation for an unlimited number of tax periods prior to or following the date on which the form is received by the department. If the tax period is left blank, all tax periods are included.

(2) At any time while the taxpayer has an effective authorized entity representative appointment filed with the department, the taxpayer consents to allowing the authorized entity representative and any individuals listed by the authorized entity representative, as described in paragraph 8.8(9)“c,” to send and receive the taxpayer’s information to and from the department and take any other action described in these rules.

(3) The authority granted by an IDR power of attorney form ceases to be effective upon revocation by the taxpayer or withdrawal or dissolution of the authorized entity representative. It is the sole responsibility of the taxpayer to revoke an authorized entity representative.

g. Revocation and withdrawal.

(1) Revocation by the taxpayer. Such appointment may be revoked by the taxpayer at any time, via GovConnectIowa or in writing to the department. The revocation must include the name and identification number of the taxpayer, the name of the representative entity, an indication of the wish to withdraw, and the taxpayer’s dated signature. If the revocation indicates that authorization should be revoked from “all” authorized representatives, this will apply to all representatives appointed via an IDR power of attorney form or entity representative form.

(2) Withdrawal by the authorized entity representative. By filing a statement with the department, an authorized entity representative may withdraw from representation appointed under this subrule. The statement must be signed by the authorized entity representative single point of contact and must identify the name and address of the taxpayer(s) and the matter(s) from which the authorized entity representative is withdrawing. An authorized entity representative may withdraw from multiple matters by including with the statement a list of all matters and taxpayers for which withdrawal is desired. Such statement shall be signed by the authorized entity representative single point of contact.

(3) Administrative revocation by the department. The department may administratively revoke any entity representative authority.

This rule is intended to implement Iowa Code chapters 17A, 22, 421, and 422.

[ARC 8945C, IAB 2/19/25, effective 3/26/25]

701—8.9(421) Tax return preparers.

8.9(1) Definitions. Unless otherwise indicated in this rule or required by the context, all words and phrases used in this rule that are defined under Iowa Code sections 421.62, 421.63, and 421.64 shall have the same meaning as provided under those Iowa Code sections.

“An enrolled agent enrolled to practice before the federal Internal Revenue Service (IRS) pursuant to 31 CFR §10.4” means an individual who has an active status as an enrolled agent under 31 CFR §10.4(a) or (d) and is not currently under suspension or disbarment from practice before the IRS. An enrolled agent does not include an enrolled retirement plan agent under 31 CFR §10.4(b) or a registered tax return preparer under 31 CFR §10.4(c).

“An individual admitted to practice law in this state or another state” means an individual who has an active license to practice law in this state or another state, is considered in good standing with the licensing authority of this or another state, and is currently authorized to engage in the practice of law.

“An individual licensed as a certified public accountant or a licensed public accountant under Iowa Code chapter 542 or a similar law of another state” means an individual who has an active certified public accountant license or an active public accountant license under Iowa Code chapter 542 or a similar law of another state and is in good standing with the accountancy examining board or similar authority of another state.

“Hour of continuing education” means a minimum of 50 minutes spent by a tax return preparer in actual attendance at or completion of an IRS-approved provider of continuing education course.

“New tax preparer” means an individual who qualifies as a tax return preparer for the current tax year but would not have qualified as such during any prior calendar year. Paragraph 8.9(8)“a” includes examples regarding who qualifies as a new tax preparer.

8.9(2) *Penalty for tax return preparer's failure to include preparer tax identification number (PTIN) on income tax returns or claims for refund.* A tax return preparer who fails to include the tax return preparer's PTIN on any income tax return or claim for refund prepared by the tax return preparer and filed with the department is subject to a penalty pursuant to Iowa Code section 421.62(2). Paragraph 8.9(8) "c" includes examples pertaining to the tax return preparer PTIN requirement.

8.9(3) *Tax return preparer continuing education requirement.*

a. Requirements. A tax return preparer shall complete a minimum of 15 hours of continuing education courses each year. At least two hours of continuing education shall be on professional ethics, and the remaining hours shall pertain to federal or state income tax. Each course shall be taken from an IRS-approved provider of continuing education. If a course offered by an IRS-approved provider is primarily on state-specific income tax content, the course will qualify for the continuing education requirements under Iowa Code section 421.64 and this rule, even if such course does not count toward federal continuing professional education. Tax return preparers who complete more than the required 15 hours of continuing education in one calendar year cannot count the excess hours toward a subsequent year's requirement. Paragraph 8.9(8) "b" includes examples pertaining to the tax return preparer continuing education requirement.

b. Exceptions. Iowa Code section 421.62(1) "d" provides a list of individuals who are not considered a tax return preparer for the purposes of the continuing education requirement. The individuals listed in Iowa Code section 421.62(2) "c" must still provide their PTINs on the Iowa tax returns they prepare and are subject to the penalty outlined in subrule 8.9(2).

8.9(4) *Preparation of income tax returns or claims for refund.* An individual prepares an income tax return or claim for refund when the individual signs (or should sign) a return, either because the individual completes the return or because the individual assumes final responsibility for preliminary work completed by other individuals.

8.9(5) *Approved providers and courses.*

a. Approved providers of continuing education. Any IRS-approved provider of continuing education is acceptable. It is not mandatory that a continuing education course be taken from an Iowa provider.

b. Approved continuing education course subject matters. Only continuing education courses on the topics of federal or state income tax or professional ethics are approved for credit.

c. Approved continuing education format. Continuing education courses that satisfy the requirements of Iowa Code section 421.64 and this rule may be taken for credit in person, online, or by self-study as long as the courses are administered by an IRS-approved provider of continuing education.

8.9(6) *Reporting hours of continuing education and retaining records.*

a. Reporting hours of continuing education to the department. Tax return preparers shall report their continuing education hours to the department by February 15 of the calendar year following the year in which hours were completed to be eligible to prepare income tax returns or claims for refund. Hours must be reported using IA Form 78-012 or by completing the Income Tax Preparer Continuing Education form on GovConnectIowa. If a tax return preparer fails to complete the required minimum hours of continuing education by the date prescribed in this subrule, the individual must show that failure to do so was reasonable under the circumstances and not willful or reckless conduct. IRS-approved providers are not required to report continuing education courses to the department.

b. Retaining records of continuing education. Tax return preparers are required to retain records of continuing education completion for a minimum of five years. This record retention shall include but not be limited to certificates of completion if offered by the IRS-approved provider of continuing education upon completion of a course.

8.9(7) *Reinstatement of a tax return preparer.* When a tax return preparer fails to complete the minimum 15 hours of continuing education courses but demonstrates that the failure was reasonable under the circumstances and not willful or reckless conduct, the department may require the tax return preparer to make up any uncompleted hours and submit a completed IA Form 78-012 to the department or complete the Income Tax Preparer Continuing Education form on GovConnectIowa by a date set by the department before the tax return preparer may engage in activity as a tax return preparer.

8.9(8) *Examples.*

a. Tax return preparer examples.

EXAMPLE 1: During prior calendar years, an individual, N, prepared nine or fewer income tax returns or claims for refund for a fee or other consideration. During the current calendar year, N, for a fee or other consideration, prepares ten income tax returns or claims for refund. N meets the definition of a “tax return preparer” for the current calendar year. Therefore, N will be subject to the penalty for failure to include N’s PTIN on every income tax return or claim for refund that N prepares during the current calendar year. However, N also qualifies as a new tax preparer for the current calendar year because this is the first year N satisfies the definition of a “tax return preparer.” Therefore, N does not need to complete 15 hours of continuing education courses during the prior calendar year to prepare returns in the current calendar year. N will need to complete the minimum 15 hours of continuing education courses during the current calendar year to be eligible to prepare returns during the following calendar year if N meets the definition of “tax return preparer” in the following calendar year.

EXAMPLE 2: An individual, B, prepared ten income tax returns or claims for refund during a prior calendar year for a fee or other consideration. Therefore, B is a tax return preparer. B continues to prepare income tax returns or claims for refund for a fee or other consideration during the current calendar year, but B only prepares a total of nine such tax returns throughout the current calendar year. B does not complete any hours of continuing education courses during the current calendar year. B will not be eligible to prepare ten or more income tax returns or refund claims for a fee or other consideration during the next calendar year because, even though B did not prepare ten or more income tax returns or claims for refund in the current calendar year, B would have been classified as a tax return preparer in a prior calendar year. Thus, B is not considered a new tax preparer.

b. Continuing education requirement examples.

EXAMPLE 3: During the calendar year, an individual, P, prepares ten income tax returns or claims for refund for a fee or other consideration. Therefore, P is a tax return preparer. During the calendar year, P also completes 30 hours of continuing education courses from programs offered by an IRS-approved provider of continuing education, 4 hours of which are on professional ethics and the remaining hours on income tax. P is eligible to prepare returns during the next calendar year. However, P must complete 15 additional hours of continuing education courses offered by an IRS-approved provider, including 2 hours on professional ethics and the remaining hours on income tax, during the next calendar year to be eligible to prepare returns in the following calendar year if P is to meet the definition of “tax return preparer” in the following calendar year. P’s excess hours completed in a previous calendar year cannot be applied toward the 15 hours of continuing education courses that P must complete in a future calendar year.

EXAMPLE 4: During the prior calendar year, a tax return preparer, P, completes 12 hours of continuing education courses from programs offered by an IRS-approved provider of continuing education. Two of the hours are on professional ethics, and the rest relate to income tax. P is not eligible to prepare income tax returns or claims for refund during the current calendar year, regardless of the tax year of the returns P is preparing, because P has not completed a total of 15 continuing education hours during the prior calendar year. During the current calendar year, P completes 15 hours of continuing education courses from programs offered by an IRS-approved provider. Two of P’s hours are from professional ethics courses, and the remaining 13 hours are from income tax courses. P is eligible to prepare returns during the following calendar year, regardless of the tax years of the returns P prepares. However, P is still ineligible to prepare returns for the remaining duration of the current calendar year, regardless of the tax years of the returns P wishes to prepare.

c. PTIN requirement examples.

EXAMPLE 5: An individual, X, works at a firm in the business of preparing income tax returns for a fee or other consideration. X completes a substantial amount of preliminary work on ten returns (that are not the returns of X’s employer) described in this rule during the scope of X’s employment during the calendar year, but X does not assume final responsibility for the work or sign the returns. Instead, X’s supervisor, Y, reviews the work completed by X and signs the returns. Y is a tax return preparer because Y assumed final responsibility for the returns. Therefore, Y’s PTIN is required on all of the returns. X’s PTIN is not required on any of the returns, nor will X incur any penalties for omitting X’s PTIN on the returns.

EXAMPLE 6: An individual, X, has a partnership with another individual, Y, in which X and Y prepare income tax returns for a fee or other consideration. X completes ten income tax returns during the calendar year. However, before X signs or files the returns, X asks Y to review the returns. Y reviews the returns and suggests substantial changes, but Y then gives the returns back to X. X makes the necessary changes, then signs and files the returns. X is a tax return preparer. X's PTIN is required on all of the returns because X assumed final responsibility for the returns. Y's PTIN is not required on any of the returns. If X omits X's PTIN on any of the returns, X will incur a \$50 civil penalty for each violation unless X shows that the omission was reasonable under the circumstances and not willful or reckless conduct.

EXAMPLE 7: An individual, X, completes five income tax returns and five claims for refund for a fee or other consideration during a calendar year. X does not sign the returns, even though no other paid tax return preparer reviewed X's work and took final responsibility for the return. X's PTIN is required on all of the returns because X is a paid tax return preparer for those returns, even though X failed to sign the returns as required. X is subject to a fine of \$50 per return that omitted the required PTIN because X is a tax return preparer.

This rule is intended to implement Iowa Code sections 421.62, 421.63, and 421.64.

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[Filed ARC 6550C (Notice ARC 6446C, IAB 8/10/22), IAB 10/5/22, effective 11/14/22]

[Filed ARC 6640C (Notice ARC 6539C, IAB 9/21/22), IAB 11/16/22, effective 12/21/22]

[Filed ARC 6987C (Notice ARC 6882C, IAB 2/8/23), IAB 4/19/23, effective 5/24/23]
[Filed ARC 6990C (Notice ARC 6922C, IAB 2/22/23), IAB 4/19/23, effective 5/24/23]
[Filed ARC 8945C (Notice ARC 8341C, IAB 11/13/24), IAB 2/19/25, effective 3/26/25]
[Filed ARC 9443C (Notice ARC 9297C, IAB 5/28/25), IAB 7/23/25, effective 8/27/25]