

House File 715

H-1319

1 Amend House File 715 as follows:

2 1. By striking everything after the enacting clause and
3 inserting:

4 <DIVISION I

5 IOWA EDUCATIONAL SAVINGS PLAN AND FIRST-TIME HOMEBUYERS DUE
6 DATES

7 Section 1. Section 422.7, subsection 22, paragraph a, Code
8 2023, is amended to read as follows:

9 a. Subtract the maximum contribution that may be deducted
10 for Iowa income tax purposes as a participant in the Iowa
11 educational savings plan trust pursuant to section 12D.3,
12 subsection 1. For purposes of this paragraph, a participant
13 who makes a contribution on or before the date prescribed in
14 section 422.21 for making and filing an individual income tax
15 return, excluding extensions, or the date for making and filing
16 an individual income tax return determined by the director
17 pursuant to an order issued under section 421.17, subsection
18 30, may elect to be deemed to have made the contribution on the
19 last day of the preceding calendar year. The director, after
20 consultation with the treasurer of state, shall prescribe by
21 rule the manner and method by which a participant may make an
22 election authorized by the preceding sentence.

23 Sec. 2. Section 541B.3, subsection 1, paragraph a, Code
24 2023, is amended to read as follows:

25 a. ~~Beginning January 1, 2018, an~~ An individual may open an
26 interest-bearing savings account with a financial institution
27 and designate the entire account as a first-time homebuyer
28 savings account for the purpose of paying or reimbursing a
29 designated beneficiary's eligible home costs in connection with
30 a qualified home purchase. The first-time homebuyer savings
31 account designation shall be made ~~no later than April 30 of the~~
32 ~~year following the tax year during which the account is opened,~~
33 on forms provided by the department and shall be submitted on
34 or before the date prescribed in section 422.21 for making and
35 filing an individual income tax return, excluding extensions,

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1 or the date for making and filing an individual income tax
2 return determined by the director pursuant to an order issued
3 under section 421.17, subsection 30, applicable to the tax year
4 in which the account is opened.

5 Sec. 3. Section 541B.3, subsection 2, paragraph a, Code
6 2023, is amended to read as follows:

7 a. The account holder shall designate one individual as
8 beneficiary of the first-time homebuyer savings account. The
9 designation shall be made on forms provided by the department
10 ~~and no later than April 30 of the year following the tax year~~
11 ~~during which the account is opened~~ and shall be submitted on
12 or before the date prescribed in section 422.21 for making and
13 filing an individual income tax return, excluding extensions,
14 or the date for making and filing an individual income tax
15 return determined by the director pursuant to an order issued
16 under section 421.17, subsection 30, applicable to the tax
17 year in which the designation is made. The account holder may
18 change the designated beneficiary of the first-time homebuyer
19 savings account at any time.

20 DIVISION II

21 BONUS DEPRECIATION AND INCREASED EXPENSING — APPLICABILITY

22 Sec. 4. 2018 Iowa Acts, chapter 1161, section 134, is
23 amended to read as follows:

24 SEC. 134. APPLICABILITY.

25 1. This division of this Act applies to tax years beginning
26 on or after the effective date of this division of this Act.

27 2. The repeal of section 422.7, subsections 39, 39B, 43,
28 and 53, and section 422.35, subsections 19, 19B, 20, and
29 24, relating to bonus depreciation under section 168 of the
30 Internal Revenue Code or increased expensing under section 179
31 of the Internal Revenue Code, applies to property placed in
32 service on or after the effective date of this division of this
33 Act.

34 Sec. 5. EFFECTIVE DATE. This division of this Act, being
35 deemed of immediate importance, takes effect upon enactment.

1 ~~of the total paid by each.~~ Federal income taxes paid for a tax
2 year in which an Iowa return was not required to be filed shall
3 not be subtracted.

4 Sec. 10. Section 422.12B, subsection 2, Code 2023, is
5 amended to read as follows:

6 ~~2. Married taxpayers electing to file separate returns may~~
7 ~~avail themselves of the earned income credit by allocating the~~
8 ~~earned income credit to each spouse in the proportion that each~~
9 ~~spouse's respective earned income bears to the total combined~~
10 ~~earned income.~~ Taxpayers affected by the allocation provisions
11 of [section 422.8](#) shall be permitted a deduction for the credit
12 only in the amount fairly and equitably allocable to Iowa under
13 rules prescribed by the director.

14 Sec. 11. Section 422.12C, subsection 4, Code 2023, is
15 amended to read as follows:

16 ~~4. Married taxpayers who have filed joint federal returns~~
17 ~~electing to file separate returns must determine the child and~~
18 ~~dependent care credit under [subsection 1](#) or the early childhood~~
19 ~~development tax credit under [subsection 2](#) based upon their~~
20 ~~combined net income and allocate the total credit amount to~~
21 ~~each spouse in the proportion that each spouse's respective net~~
22 ~~income bears to the total combined net income.~~ Nonresidents
23 or part-year residents of Iowa must determine their Iowa child
24 and dependent care credit in the ratio of their Iowa source
25 net income to their all source net income. ~~Nonresidents or~~
26 ~~part-year residents who are married and elect to file separate~~
27 ~~returns must allocate the Iowa child and dependent care credit~~
28 ~~between the spouses in the ratio of each spouse's Iowa source~~
29 ~~net income to the combined Iowa source net income of the~~
30 ~~taxpayers.~~

31 Sec. 12. RETROACTIVE APPLICABILITY. This division of this
32 Act applies retroactively to January 1, 2023, for tax years
33 beginning on or after that date.

34 DIVISION IV
35 WITHHOLDING

1 Sec. 13. Section 99B.8, Code 2023, is amended to read as
2 follows:

3 **99B.8 Tax on prizes.**

4 All prizes awarded pursuant to a gambling activity under
5 this chapter are Iowa earned income and are subject to state
6 and federal income tax laws. A person conducting a game of
7 skill, game of chance, bingo, or a raffle shall deduct state
8 income taxes, pursuant to section 422.16, subsection \pm 2, from
9 a cash prize awarded to an individual. An amount deducted from
10 the prize for payment of a state tax shall be remitted to the
11 department of revenue on behalf of the prize winner.

12 Sec. 14. Section 99D.16, Code 2023, is amended to read as
13 follows:

14 **99D.16 Withholding tax on winnings.**

15 All winnings provided in [section 99D.11](#) are Iowa earned
16 income and are subject to state and federal income tax laws.
17 An amount deducted from winnings for payment of the state tax,
18 pursuant to section 422.16, subsection \pm 2, shall be remitted
19 to the department of revenue on behalf of the individual who
20 won the wager.

21 Sec. 15. Section 99F.18, Code 2023, is amended to read as
22 follows:

23 **99F.18 Tax on winnings.**

24 All winnings derived from slot machines operated pursuant to
25 this chapter are Iowa earned income and are subject to state
26 and federal income tax laws. An amount deducted from winnings
27 for payment of the state tax, pursuant to section 422.16,
28 subsection \pm 2, shall be remitted to the department of revenue
29 on behalf of the winner.

30 Sec. 16. Section 99G.31, subsection 3, paragraph i, Code
31 2023, is amended to read as follows:

32 *i.* The proceeds of any lottery prize shall be subject to
33 state and federal income tax laws. An amount deducted from the
34 prize for payment of a state tax, pursuant to section 422.16,
35 subsection \pm 2, shall be transferred by the authority to the

1 department of revenue on behalf of the prize winner.

2 Sec. 17. Section 422.16, Code 2023, is amended by striking
3 the section and inserting in lieu thereof the following:

4 **422.16 Withholding of income tax at source — penalties —**
5 **interest — declaration of estimated tax — bond.**

6 1. As used in this section, unless the context otherwise
7 requires, "*withholding agent*" means any individual, fiduciary,
8 estate, trust, corporation, partnership or association in
9 whatever capacity acting and including all officers and
10 employees of the state of Iowa, or any municipal corporation
11 of the state of Iowa and of any school district or school
12 board of the state, or of any political subdivision of the
13 state of Iowa, or any tax-supported unit of government that is
14 obligated to pay or has control of paying or does pay to any
15 resident or nonresident of the state of Iowa or the resident's
16 or nonresident's agent any wages that are subject to the Iowa
17 income tax in the hands of such resident or nonresident, or
18 any of the above-designated entities making payment or having
19 control of making such payment of any taxable Iowa income
20 to any nonresident. The term "*withholding agent*" shall also
21 include an officer or employee of a corporation or association,
22 or a member or employee of a partnership, who as such officer,
23 employee, or member has the responsibility to perform an act
24 under this section and who subsequently knowingly violates the
25 provisions of this section. The term "*withholding agent*" shall
26 also include every employer as defined in this subchapter and
27 further defined in the Internal Revenue Code.

28 2. a. (1) Every withholding agent paying wages to an
29 Iowa resident, or nonresident working in Iowa, shall deduct
30 and withhold from the wages an amount which will approximate
31 the annual tax liability of the person on a calendar year
32 basis, calculated on the basis of tables to be prepared by the
33 department and schedules or percentage rates, based on the
34 wages, to be prescribed by the department.

35 (2) Every employee or other person shall declare to the

1 withholding agent the amount of the employee's or other
2 person's withholding allowance to be used in applying the
3 tables and schedules or percentage rates. However, the amount
4 of withholding allowance declared shall not exceed the amount
5 to which the employee or other person is entitled except
6 as allowed under sections 3402(m)(1) and 3402(m)(3) of the
7 Internal Revenue Code and as allowed by rules prescribed by the
8 director. The claiming of an amount of withholding allowance
9 in excess of entitlement is a serious misdemeanor.

10 *b.* (1) In the case of a nonresident having income subject
11 to taxation by Iowa, but not subject to withholding of such
12 tax under this subsection or subject to the provisions of
13 section 422.16B, a withholding agent shall withhold from such
14 income at the same rate as provided in this subsection. A
15 withholding agent and nonresident shall be subject to the
16 provisions of this section, according to the context, except
17 that a withholding agent may be absolved of the requirement to
18 withhold taxes from the income of a nonresident upon receipt of
19 a certificate from the department issued in accordance with the
20 provisions of section 422.17.

21 (2) In the case of a nonresident having income from a trade
22 or business carried on by the nonresident in whole or in part
23 within the state of Iowa, the nonresident shall be considered
24 to be subject to the provisions of this paragraph unless
25 such trade or business is of such nature that the business
26 entity itself, as a withholding agent, is required to and does
27 withhold Iowa income tax from the distributions made to such
28 nonresident from such trade or business.

29 *c.* For the purposes of [this subsection](#), at a rate specified
30 by the department, state income tax shall be withheld from
31 pensions, annuities, other similar periodic payments, and other
32 income payments under sections 3402(o), 3402(p), 3402(s),
33 3405(a), 3405(b), and 3405(c) of the Internal Revenue Code made
34 to Iowa residents if the payments are subject to Iowa tax.

35 *d.* For the purposes of this subsection, state income tax

1 shall be withheld on winnings in excess of six hundred dollars
2 derived from gambling activities authorized under chapter
3 99B or 99G. State income tax shall be withheld on winnings
4 in excess of one thousand dollars from gambling activities
5 authorized under chapter 99D. State income tax shall be
6 withheld on winnings in excess of one thousand two hundred
7 dollars derived from slot machines authorized under chapter
8 99F.

9 *e.* For the purposes of this subsection, state income tax
10 shall be withheld at the highest rate described in section
11 422.5A from supplemental wages of an employee in those
12 circumstances in which the employer treats the supplemental
13 wages as wholly separate from regular wages for purposes
14 of withholding and federal income tax is withheld from the
15 supplemental wages under section 3402(g) of the Internal
16 Revenue Code.

17 3. *a.* A withholding agent is not required to withhold
18 state income tax from payments subject to taxation made
19 to a nonresident for commodity credit certificates, grain,
20 livestock, domestic fowl, or other agricultural commodities
21 or products sold to a withholding agent by a nonresident or
22 the nonresident's representative, if the withholding agent
23 provides on forms prescribed by the department information
24 relating to the sales required by the department to determine
25 the state income tax liabilities of a nonresident. However,
26 a withholding agent may elect to make estimated tax payments
27 on behalf of a nonresident on the basis of the net income of
28 the nonresident from the agricultural commodities or products,
29 if the estimated tax payments are made on or before the last
30 day of the first month after the end of the tax years of the
31 nonresident.

32 *b.* Nonresidents engaged in any facet of feature film,
33 television, or educational production using the film or
34 videotape disciplines in the state are not subject to Iowa
35 withholding if the employer has applied to the department for

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1 exemption from the withholding requirement and the department
2 has determined that any nonresident receiving wages would be
3 entitled to a credit against Iowa income taxes paid.

4 *c.* Individuals described in section 29C.24 are not subject
5 to withholding, as provided in that section.

6 4. *a.* A withholding agent required to deduct and withhold
7 tax under subsection 2 shall file a return on or before the
8 last day of the month following the quarterly period on forms
9 prescribed by the director and remit to the department the
10 amount of tax due at the following frequencies:

11 (1) A withholding agent shall remit income tax withheld on
12 a quarterly basis if the withholding agent withholds less than
13 six thousand dollars annually and no more than five hundred
14 dollars in any one month. Payment shall be due on the same day
15 as the quarterly return.

16 (2) A withholding agent shall remit income tax withheld on
17 a monthly basis if the withholding agent withholds more than
18 five hundred dollars in any one month and not more than five
19 thousand dollars in a semimonthly period. Payment shall be
20 made on or before the fifteenth day of the month following
21 the month of withholding, except that a deposit for the third
22 month in a calendar quarter shall be due on the same day as the
23 quarterly return.

24 (3) A withholding agent shall remit income tax withheld on
25 a semimonthly basis if the withholding agent withholds more
26 than five thousand dollars in a semimonthly period. The first
27 semimonthly deposit for the period from the first of the month
28 through the fifteenth of the month is due on the twenty-fifth
29 day of the month in which the withholding occurs. The second
30 monthly deposit for the period from the sixteenth of the month
31 through the end of the month is due on the tenth day of the
32 month following the month in which the withholding occurs.

33 (4) A withholding agent may elect to remit on an annual
34 basis if the withholding agent employs not more than two
35 employees and expects to employ the employees for the full

1 calendar year. The electing withholding agent shall remit the
2 full amount of income taxes required to be withheld from the
3 wages of the employees for the full calendar year with the
4 quarterly return for the first calendar quarter. The amount
5 to be paid shall be computed as if the employees were employed
6 for the full calendar year for the same wages and with the
7 same pay periods as prevailed during the first quarter of the
8 year with respect to such employees. The electing withholding
9 agent shall only remit the lump sum payment with the written
10 consent of all employees involved. The withholding agent shall
11 be entitled to recover from the employee any part of the lump
12 sum payment that represents an advance to the employee. If
13 a withholding agent pays a lump sum with the first quarterly
14 return, the withholding agent shall be excused from filing
15 further quarterly returns for the calendar year involved unless
16 the withholding agent hires other or additional employees.

17 *b.* Every withholding agent on or before February 15
18 following the close of the calendar year in which the
19 withholding occurs shall send to the department copies of
20 income statements required by subsection 8. At the discretion
21 of the director, the withholding agent shall not be required to
22 send income statements if the information is available from the
23 internal revenue service or other state or federal agencies.

24 *c.* If the director has reason to believe that the collection
25 of the tax provided for in subsection 2 is in jeopardy, the
26 director may require the withholding agent to file a return
27 as required in paragraph "a", and pay the tax at any time, in
28 accordance with section 422.30. The director may authorize
29 incorporated banks, trust companies, or other depositories
30 authorized by law which are depositories or financial agents of
31 the United States or of this state, to receive any tax imposed
32 under this chapter, in the manner, at the times, and under the
33 conditions the director prescribes. The director shall also
34 prescribe the manner, times, and conditions under which the
35 receipt of the tax by those depositories is to be treated as

1 payment of the tax to the department.

2 *d.* The director, in cooperation with the department of
3 management, may periodically change the filing and remittance
4 thresholds by administrative rule if in the best interest of
5 the state and the taxpayer.

6 5. Every withholding agent who fails to withhold or pay to
7 the department any sums required by this chapter to be withheld
8 and paid, shall be personally, individually, and corporately
9 liable to the state of Iowa, and any sum withheld in accordance
10 with the provisions of subsection 2, shall be deemed to be
11 held in trust for the state of Iowa. Notwithstanding section
12 489.304, this subsection applies to a member or manager of a
13 limited liability company.

14 6. In the event a withholding agent fails to withhold and
15 pay over to the department any amount required to be withheld
16 under subsection 2, such amount may be assessed against
17 such withholding agent in the same manner as prescribed for
18 the assessment of income tax under the provisions of this
19 subchapter and subchapter VI.

20 7. Whenever the director determines that any withholding
21 agent has failed to withhold or pay over to the department sums
22 required to be withheld under subsection 2, the unpaid amount
23 shall be a lien as described in section 422.26, shall attach
24 to the property of that withholding agent, and in all other
25 respects the procedure with respect to such lien shall apply
26 as set forth in section 422.26.

27 8. *a.* Every withholding agent required to deduct and
28 withhold tax under subsection 2 shall furnish to each employee,
29 nonresident, or other person with respect to the income
30 paid by the employer or withholding agent to each employee,
31 nonresident, or other person during the calendar year, on or
32 before January 31 of the succeeding year, or, in the case of
33 an employee, if the employment of the employee is terminated
34 before the close of the calendar year, within thirty days from
35 the day on which the last payment of wages or other taxable

1 income is made, if requested by the employee, but not later
2 than January 31 of the following year, an income statement
3 showing all of the following:

4 (1) The name and address of the employer or withholding
5 agent, and the taxpayer identification number of the employer
6 or withholding agent.

7 (2) The name of the employee, nonresident, or other person
8 and the taxpayer identification number of that employee,
9 nonresident, or other person, together with the last known
10 address of the employee, nonresident, or other person to whom
11 wages or other taxable income has been paid during the period.

12 (3) The gross amount of wages or other taxable income paid
13 to the employee, nonresident, or other person.

14 (4) The total amount deducted and withheld as tax under the
15 provisions of subsection 2.

16 (5) The total amount of federal income tax withheld.

17 *b.* An income statement required to be furnished by this
18 subsection with respect to any wages or other taxable Iowa
19 income or any additional information required to be displayed
20 on the income statement shall be in such form or forms as the
21 director may prescribe by rule.

22 9. A withholding agent shall be liable for the payment of
23 the tax required to be deducted and withheld or the amount
24 actually deducted, whichever is greater, under subsection
25 2. Any amount deducted and withheld as tax under subsection
26 2 during any calendar year upon the wages of any employee,
27 nonresident, or other person shall be allowed as a credit to
28 the employee, nonresident, or other person against the tax
29 imposed by section 422.5 for the tax year in which it was
30 withheld, irrespective of whether or not such tax has been, or
31 will be, paid by the withholding agent to the department as
32 provided by this chapter.

33 10. *a.* If the amount of income tax withheld by the
34 withholding agent on behalf of an employee, nonresident, or
35 other person after complying with this section is more than the

1 income tax liability of said employee, nonresident, or other
2 person as determined under the provisions of this subchapter,
3 the overpayment of tax may first be credited against any income
4 tax or installment payment then due the state of Iowa by
5 the employee, nonresident, or other person for the tax year,
6 and any balance of one dollar or more shall be refunded to
7 the employee, nonresident, or other person with interest in
8 accordance with section 421.60, subsection 2, paragraph "e".

9 *b.* Amounts less than one dollar shall be refunded to the
10 taxpayer, nonresident, or other person only upon written
11 application, in accordance with section 422.73, and only if the
12 application is filed within twelve months after the due date
13 of the return.

14 *c.* Refunds in the amount of one dollar or more provided
15 for by this subsection shall be paid by the treasurer of
16 state by warrants drawn by the director of the department of
17 administrative services, or an authorized employee of the
18 department of administrative services, and the taxpayer's
19 return of income shall constitute a claim for refund for this
20 purpose, except in respect to amounts of less than one dollar.
21 There is appropriated, out of any funds in the state treasury
22 not otherwise appropriated, a sum sufficient to carry out the
23 provisions of this subsection.

24 11. *a.* In addition to any other penalty provided by law,
25 a withholding agent required to furnish or file an income
26 statement required by this chapter is subject to a civil
27 penalty of five hundred dollars for each occurrence of the
28 following:

29 (1) Willful failure to furnish an employee, nonresident, or
30 other person with an income statement.

31 (2) Willfully furnishing an employee, nonresident, or other
32 person with a false or fraudulent income statement.

33 (3) Willful failure to file an income statement with the
34 department.

35 (4) Willfully filing a false or fraudulent income statement

1 with the department.

2 *b.* A withholding agent is subject to the penalty as provided
3 in section 421.27. Any penalty assessed under section 421.27
4 shall be in addition to the tax or additional tax due under
5 this section. The taxpayer shall also pay interest on the tax
6 or additional tax at the rate in effect under section 421.7,
7 for each month counting each fraction of a month as an entire
8 month, computed from the date the semimonthly, monthly, or
9 quarterly deposit form was required to be filed. The penalty
10 and interest become a part of the tax due from the withholding
11 agent.

12 *c.* If any withholding agent, being a domestic or foreign
13 corporation, required under the provisions of this section
14 to withhold on wages or other taxable Iowa income subject to
15 this chapter, fails to withhold the amounts required to be
16 withheld, make the required returns or remit to the department
17 the amounts withheld, the director may, having exhausted
18 all other means of enforcement of the provisions of this
19 chapter, certify such fact or facts to the secretary of state,
20 who shall thereupon cancel the articles of incorporation or
21 foreign registration statement, as the case may be, of such
22 corporation, and the rights of such corporation to carry on
23 business in the state of Iowa shall cease. The secretary of
24 state shall immediately notify by registered mail such domestic
25 or foreign corporation of the action taken by the secretary of
26 state. The provisions of section 422.40, subsection 3, shall
27 be applicable.

28 *d.* The department shall, upon request of any fiduciary,
29 furnish said fiduciary with a certificate of acquittance
30 showing that no liability as a withholding agent exists with
31 respect to the estate or trust for which said fiduciary acts,
32 provided the department has determined that there is no such
33 liability.

34 12. *a.* (1) Taxpayers filing a return shall make estimated
35 tax payments if their Iowa income tax liability can reasonably

1 be expected to amount to two hundred dollars or more for the
2 year.

3 (2) In the cases of farmers and fishermen, the exceptions
4 provided in the Internal Revenue Code with respect to making
5 estimated payments apply.

6 *b.* (1) The estimated tax shall be paid in quarterly
7 installments. The first installment shall be paid on or before
8 the last day of the fourth month of the taxpayer's tax year for
9 which the estimated payments apply. The other installments
10 shall be paid on or before the last day of the sixth month of
11 the tax year, the last day of the ninth month of the tax year,
12 and the last day of the first month after the tax year. A
13 taxpayer may elect to pay an installment prior to the due date.

14 (2) If a taxpayer filing a return has reason to believe that
15 the taxpayer's Iowa income tax may increase or decrease, either
16 for purposes of meeting the requirement to make estimated
17 tax payments or for the purpose of increasing or decreasing
18 estimated tax payments, the taxpayer shall increase or decrease
19 any subsequent estimated tax payments accordingly.

20 (3) Any tax still payable after applying credits for taxes
21 paid through withholding, estimated tax, and composite return
22 tax, is due and payable on or before the end of the fourth month
23 following the close of the tax year.

24 *c.* If a taxpayer is unable to make the taxpayer's estimated
25 tax payments, the payments may be made by a duly authorized
26 agent, or by the guardian or other person charged with the care
27 of the person or property of the taxpayer.

28 *d.* (1) Estimated tax paid is a credit against the amount
29 of tax found payable on a final, completed return, as provided
30 in subsection 10, relating to the credit for the tax withheld
31 against the tax found payable on a return properly and
32 correctly prepared under sections 422.5 through 422.25.

33 (2) Any overpayment of one dollar or more shall be refunded
34 to the taxpayer and the return constitutes a claim for refund
35 for this purpose. Amounts less than one dollar shall not be

1 refunded.

2 (3) The method provided by section 6654 of the Internal
3 Revenue Code for determining what is applicable to the addition
4 to tax for underpayment of the tax payable applies to persons
5 required to make payments of estimated tax under this section
6 except the amount to be added to the tax for underpayment of
7 estimated tax is an amount determined at the rate in effect
8 under section 421.7. This addition to tax specified for
9 underpayment of the tax payable is not subject to waiver
10 provisions relating to reasonable cause, except as provided in
11 the Internal Revenue Code. Underpayment of estimated tax shall
12 be determined in the same manner as provided under the Internal
13 Revenue Code and the exceptions in the Internal Revenue Code
14 also apply.

15 e. In lieu of claiming a refund, the taxpayer may elect to
16 have the overpayment shown on the taxpayer's final, completed
17 return for the taxable year credited to the taxpayer's tax
18 liability for the following taxable year.

19 13. The director shall enter into an agreement with the
20 secretary of the treasury of the United States with respect to
21 withholding of income tax as provided by this chapter, pursuant
22 to an Act of Congress, section 1207 of the Tax Reform Act of
23 1976, Pub. L. No. 94-455, amending 5 U.S.C. §5517.

24 14. a. The director may, when necessary and advisable
25 in order to secure the collection of the tax required to
26 be deducted and withheld or the amount actually deducted,
27 whichever is greater, require a withholding agent to file with
28 the director a bond, issued by a surety company authorized to
29 conduct business in this state and approved by the insurance
30 commissioner as to solvency and responsibility, in an amount
31 as the director may fix, to secure the payment of the tax and
32 penalty due or which may become due. In lieu of the bond,
33 securities shall be kept in the custody of the department and
34 may be sold by the director at public or private sale, without
35 notice to the depositor, if it becomes necessary to do so in

1 order to recover any tax and penalty due. Upon a sale, any
2 surplus above the amounts due under this section shall be
3 returned to the withholding agent who deposited the securities.

4 *b.* If the withholding agent fails to file the bond as
5 requested by the director to secure collection of the tax, the
6 withholding agent is subject to penalty for failure to file the
7 bond. The penalty is equal to fifteen percent of the tax the
8 withholding agent is required to withhold on an annual basis.
9 However, the penalty shall not exceed five thousand dollars.

10 15. The director may allow additional time for filing
11 documents required under this section with the department in
12 the case of illness, disability, absence, or if good cause is
13 shown.

14 Sec. 18. Section 422.16B, subsection 7, Code 2023, is
15 amended to read as follows:

16 7. All powers of the director and requirements of the
17 director apply to returns filed under [this section](#) including
18 but not limited to the provisions of [this subchapter](#) and
19 subchapter VI. The provisions of section 422.16, subsection ~~2~~
20 4, paragraph "c", and subsections ~~6, 10~~ 7, 11, and 14, applying
21 to withholding agents, shall apply in the same manner to
22 pass-through entities under [this section](#).

23 Sec. 19. Section 422.17, Code 2023, is amended to read as
24 follows:

25 **422.17 Certificate issued by department to make payments**
26 **without withholding.**

27 Any nonresident whose Iowa income is not subject to section
28 422.16, subsection ~~± 2~~, paragraph "a", "c", "d", or "e", in
29 whole or in part, and who elects to be governed by section
30 422.16, subsection ~~±2~~ 2, paragraph "b", to the extent that the
31 nonresident pays the entire amount of tax properly estimated on
32 or before the last day of the fourth month of the nonresident's
33 tax year, for the year, may for the year of the election
34 and payment, be granted a certificate from the department
35 authorizing each withholding agent, the income from whom the

1 nonresident has considered in the payment of estimated tax and
2 to the extent the income is included in the estimate, to make
3 payments of income to the nonresident without withholding tax
4 from those payments. Withholding agents, if payments exceed
5 the tax liability estimated by the nonresident as indicated
6 upon the certificate, shall withhold tax in accordance with
7 section 422.16, subsection ~~12~~ 2, paragraph "b".

8 DIVISION V

9 FUTURE CORRESPONDING CHANGE

10 Sec. 20. Section 422.16, subsection 2, paragraph e, Code
11 2023, as amended in this Act, is amended to read as follows:

12 e. For the purposes of this subsection, state income tax
13 shall be withheld at the ~~highest~~ rate described in section
14 ~~422.5A~~ 422.5 from supplemental wages of an employee in those
15 circumstances in which the employer treats the supplemental
16 wages as wholly separate from regular wages for purposes
17 of withholding and federal income tax is withheld from the
18 supplemental wages under section 3402(g) of the Internal
19 Revenue Code.

20 Sec. 21. EFFECTIVE DATE. This division of this Act takes
21 effect January 1, 2026.

22 DIVISION VI

23 SETTLEMENT AUTHORITY — NOTICE OF ASSESSMENT — ESTIMATION OF
24 TAX

25 Sec. 22. Section 421.5, Code 2023, is amended by striking
26 the section and inserting in lieu thereof the following:

27 **421.5 Settling claims for taxes, penalties, and interest —**
28 **abatement.**

29 1. As used in this section:

30 a. "Department" means the department of revenue.

31 b. "Settle" or "settlement" includes any compromise or
32 abatement of any taxes, penalties, or interest.

33 2. In addition to the authority granted to the department
34 pursuant to section 17A.10 and notwithstanding section 7D.9,
35 the department may, in its sole discretion, settle any taxes,

1 penalties, or interest.

2 3. The department may enter into a settlement in the
3 case of doubtful liability, doubtful collectability, severe
4 economic hardship, or to promote effective tax administration,
5 regardless of whether the amount was the subject of a timely
6 filed appeal or return.

7 4. Whenever a settlement is made, the department shall
8 make a complete record of the case showing the tax assessed or
9 claimed due, tax refund claimed, recommendations, reports, and
10 audits of departmental personnel if any, the taxpayer's grounds
11 for dispute or contest together with all of the evidence, and
12 the amounts, conditions, and settlement of the same.

13 5. A taxpayer shall not have the right to a settlement of
14 any tax, penalty, or interest liability under this section.
15 Any determination by the department regarding the settlement
16 shall be discretionary and shall be final and conclusive except
17 in the case of fraud, mutual mistake of material fact, or as
18 otherwise stated in a written settlement agreement between the
19 taxpayer and the department.

20 6. The department may require an application for relief
21 under this section.

22 7. The department shall adopt rules to administer this
23 section.

24 Sec. 23. Section 421.10, Code 2023, is amended to read as
25 follows:

26 **421.10 Appeal period — applicability.**

27 The appeal period for revision of assessment of tax,
28 interest, and penalties set out under [section 422.28](#), [423.37](#),
29 [437A.9](#), [437A.22](#), [437B.5](#), [437B.18](#), [452A.64](#), [453A.29](#), or [453A.46](#)
30 applies to appeals to notices from the department denying
31 changes in filing methods, denying refund claims, and denying
32 portions of refund claims for the tax covered by that section,
33 and notices of any adverse department action directed to a
34 specific taxpayer, other than licensing, which involves a
35 calculation.

1 Sec. 24. Section 421.60, subsection 2, paragraphs i and m,
2 Code 2023, are amended by striking the paragraphs.

3 Sec. 25. Section 421B.11, subsection 3, Code 2023, is
4 amended to read as follows:

5 3. Judicial review of the actions of the director may be
6 sought in accordance with section 422.29 and chapter 17A and
7 section 423.38.

8 Sec. 26. Section 422.25, subsection 1, paragraph c, Code
9 2023, is amended to read as follows:

10 c. (1) The period for examination and determination of the
11 correct amount of tax is unlimited in the case of a false or
12 fraudulent return made with the intent to evade tax or in the
13 case of a failure to file a return.

14 (2) If a person required to file a return with the
15 department fails to file the return with the department, the
16 department may, at any time, estimate the tax due based upon
17 information or knowledge the department is able to obtain.

18 (3) If the department estimates an amount of tax under
19 subparagraph (2), the following shall apply:

20 (a) The department shall issue a notice of assessment
21 to the person for which the tax is estimated in accordance
22 with section 421.60. The notice of assessment shall not be
23 appealable pursuant to section 422.28 or 422.29, except to
24 appeal the determination that the person is required to file a
25 return.

26 (b) The department shall include a statement with the
27 notice that if the person files a return within three years
28 from the date on the notice of assessment, the department
29 may replace the assessment with the amount shown due on the
30 person's return, plus any applicable penalty and interest,
31 and the department may examine that return and determine the
32 tax, penalty, and interest within the period provided in this
33 section.

34 (c) If the person fails to file a return within three years
35 from the date on the notice of assessment, the person may pay

1 the tax, penalty, and interest and file a refund claim within
2 the time period provided in section 422.73, or may request
3 relief under section 421.5.

4 Sec. 27. Section 422.75, Code 2023, is amended to read as
5 follows:

6 **422.75 Statistics — publication.**

7 The department shall prepare and publish an annual report
8 which shall include statistics reasonably available, with
9 respect to the operation of **this chapter**, including amounts
10 collected, classification of taxpayers, and such other facts
11 as are deemed pertinent and valuable. The annual report shall
12 also include the reports and information required pursuant to
13 section 421.60, subsection 2, ~~paragraphs "i" and~~ paragraph "l".

14 Sec. 28. Section 423.33, subsection 1, paragraphs a and b,
15 Code 2023, are amended to read as follows:

16 *a.* If a purchaser fails to pay sales tax to the retailer
17 required to collect the tax, then in addition to all of the
18 rights, obligations, and remedies provided, a use tax is
19 payable by the purchaser directly to the department, and
20 sections 423.31, **423.37**, ~~423.38~~, **423.39**, **423.40**, **423.41**, and
21 **423.42** apply to the purchaser.

22 *b.* For failure to pay the sales or use tax as described
23 in paragraph "a", the retailer and purchaser are jointly
24 liable, unless the circumstances described in section 29C.24,
25 subsection 3, paragraph "a", subparagraph (2), ~~section 421.60,~~
26 ~~subsection 2, paragraph "m",~~ **section 423.34A**, or section
27 **423.45**, subsection 4, paragraph "b" or "e", or **subsection 5**,
28 paragraph "c" or "e", are applicable.

29 Sec. 29. Section 423.33, subsection 3, Code 2023, is amended
30 to read as follows:

31 *3. Event sponsor's liability for sales or use tax.* A person
32 sponsoring a flea market or a craft, antique, coin, or stamp
33 show or similar event shall obtain from every retailer selling
34 tangible personal property, specified digital products, or
35 taxable services at the event proof that the retailer possesses

1 a valid sales or use tax permit or secure from the retailer
2 a statement, taken in good faith, that tangible personal
3 property, specified digital products, or services offered for
4 sale are not subject to sales tax. Failure to do so renders
5 a sponsor of the event liable for payment of any sales tax,
6 interest, and penalty due and owing from any retailer selling
7 property or services at the event. Sections 423.31, 423.37,
8 ~~423.38~~, 423.39, 423.40, 423.41, and 423.42 apply to the
9 sponsors. For purposes of this subsection, a "person sponsoring
10 a flea market or a craft, antique, coin, or stamp show or similar
11 event" does not include a marketplace facilitator as defined in
12 section 423.14A, subsection 1, an organization which sponsors
13 an event determined to qualify as an event involving casual
14 sales pursuant to section 423.3, subsection 39, or the state
15 fair or a fair as defined in section 174.1.

16 Sec. 30. Section 423.37, subsection 1, Code 2023, is amended
17 to read as follows:

18 1. a. As soon as practicable after a return is filed and
19 ~~in any event~~ within three years after the return is filed,
20 the department ~~shall~~ may examine ~~it~~ the return, assess and
21 determine the tax due if the return is found to be incorrect,
22 and give notice to the person liable for the tax of the
23 assessment and determination as provided in ~~subsection 2~~
24 paragraph "b". If a return, when filed, is incorrect or
25 insufficient, the department shall determine the amount of
26 tax due from information or knowledge the department is able
27 to obtain. The determination may be made using any generally
28 recognized valid and reliable sampling technique, whether or
29 not the person being audited has complete records, and if
30 mutually agreed upon by the department and the person being
31 audited. The period for the examination and determination of
32 the correct amount of tax is unlimited in the case of a false or
33 fraudulent return made with the intent to evade tax ~~or in the~~
34 ~~case of a failure to file a return.~~

35 b. The department shall issue a notice of assessment in

1 accordance with section 421.60. The notice shall be appealable
2 pursuant to sections 422.28 and 422.29. If the person fails to
3 appeal the notice of assessment, the person may pay the tax,
4 penalty, and interest and file a refund claim within the time
5 period provided in section 422.73, or may request relief under
6 section 421.5.

7 Sec. 31. Section 423.37, subsection 2, Code 2023, is amended
8 by striking the subsection and inserting in lieu thereof the
9 following:

10 2. a. If a return required by this subchapter is not filed,
11 the period for examination and determination of the correct
12 amount of tax is unlimited. The department may, at any time,
13 estimate the tax due from the information or knowledge the
14 department is able to obtain.

15 b. If the department estimates an amount of tax under this
16 subsection, the following shall apply:

17 (1) The department shall issue a notice of assessment
18 to the person for which the tax is estimated in accordance
19 with section 421.60. The notice of assessment shall not be
20 appealable pursuant to sections 422.28 and 422.29, except to
21 appeal the determination that the person is required to file
22 the return.

23 (2) The department shall include a statement with the
24 notice that if the person files a return within three years
25 from the date on the notice of assessment, the department
26 may replace the assessment with the amount shown due on the
27 person's return, plus any applicable penalty and interest,
28 and the department may examine that return and determine the
29 tax, penalty, and interest within the period provided in this
30 section.

31 (3) If the person fails to file a return within three years
32 from the date on the notice of assessment, the person may pay
33 the tax, penalty, and interest and file a refund claim within
34 the time period provided in section 422.73, or may request
35 relief under section 421.5.

1 Sec. 32. Section 423.45, subsection 4, paragraph b, Code
2 2023, is amended to read as follows:

3 *b.* The sales tax liability for all sales of tangible
4 personal property and specified digital products and all sales
5 of services is upon the seller and the purchaser unless the
6 seller takes from the purchaser a valid exemption certificate
7 stating under penalty of perjury that the purchase is for a
8 nontaxable purpose and is not a retail sale as defined in
9 section 423.1, or the seller is not obligated to collect tax
10 due, or unless the seller takes a fuel exemption certificate
11 pursuant to [subsection 5](#). If the tangible personal property,
12 specified digital products, or services are purchased tax free
13 pursuant to a valid exemption certificate and the tangible
14 personal property, specified digital products, or services are
15 used or disposed of by the purchaser in a nonexempt manner, the
16 purchaser is solely liable for the taxes and shall remit the
17 taxes directly to the department and [sections 423.31, 423.37,](#)
18 ~~[423.38,](#)~~ [423.39, 423.40, 423.41, and 423.42](#) shall apply to the
19 purchaser.

20 Sec. 33. Section 423.45, subsection 5, paragraphs c and d,
21 Code 2023, are amended to read as follows:

22 *c.* The seller may accept a completed fuel exemption
23 certificate, as prepared by the purchaser, for three
24 years unless the purchaser files a new completed exemption
25 certificate. If the fuel is purchased tax free pursuant to a
26 fuel exemption certificate which is taken by the seller, and
27 the fuel is used or disposed of by the purchaser in a nonexempt
28 manner, the purchaser is solely liable for the taxes, and shall
29 remit the taxes directly to the department and [sections 423.31,](#)
30 ~~[423.37, 423.38,](#)~~ [423.39, 423.40, 423.41, and 423.42](#) shall apply
31 to the purchaser.

32 *d.* The purchaser may apply to the department for its
33 review of the fuel exemption certificate. In this event, the
34 department shall review the fuel exemption certificate within
35 twelve months from the date of application and determine the

1 correct amount of the exemption. If the amount determined
2 by the department is different than the amount that the
3 purchaser claims is exempt, the department shall promptly
4 notify the purchaser of the determination. Failure of the
5 department to make a determination within twelve months from
6 the date of application shall constitute a determination that
7 the fuel exemption certificate is correct as submitted. A
8 determination of exemption by the department is final unless
9 the purchaser appeals to the director for a revision of the
10 determination within sixty days after the date of the notice
11 of determination. The director shall grant a hearing, and
12 upon the hearing, the director shall determine the correct
13 exemption and notify the purchaser of the decision by mail.
14 The decision of the director is final unless the purchaser
15 seeks judicial review of the director's decision under section
16 ~~423.38~~ 422.29 within sixty days after the date of the notice
17 of the director's decision. Unless there is a substantial
18 change, the department shall not impose penalties pursuant
19 to [section 423.40](#) both retroactively to purchases made after
20 the date of application and prospectively until the department
21 gives notice to the purchaser that a tax or additional tax is
22 due, for failure to remit any tax due which is in excess of a
23 determination made under [this section](#). A determination made by
24 the department pursuant to [this subsection](#) does not constitute
25 an audit for purposes of [section 423.37](#).

26 Sec. 34. Section 423.57, Code 2023, is amended to read as
27 follows:

28 **423.57 Statutes applicable.**

29 The director shall administer [this subchapter](#) as it relates
30 to the taxes imposed in [this chapter](#) in the same manner and
31 subject to all the provisions of, and all of the powers,
32 duties, authority, and restrictions contained in sections
33 423.14, [423.14A](#), [423.14B](#), [423.15](#), [423.16](#), [423.17](#), [423.19](#),
34 [423.20](#), [423.21](#), [423.22](#), [423.23](#), [423.24](#), [423.25](#), [423.29](#), [423.31](#),
35 [423.33](#), [423.34](#), [423.34A](#), [423.35](#), [423.37](#), ~~423.38~~, [423.39](#),

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1 423.40, 423.41, and 423.42, section 423.43, subsection 1, and
2 sections 423.45, 423.46, and 423.47.

3 Sec. 35. NEW SECTION. 452A.23 Motor fuel tax —
4 administration by department.

5 The department shall administer the taxes imposed by this
6 chapter in the same manner as and subject to section 422.25,
7 subsection 4, section 423.35, and section 423.37.

8 Sec. 36. Section 452A.66, Code 2023, is amended to read as
9 follows:

10 452A.66 Statutes applicable to motor fuel tax.

11 ~~1. The appropriate state agency shall administer the taxes~~
12 ~~imposed by this chapter in the same manner as and subject to~~
13 ~~section 422.25, subsection 4, and section 423.35.~~

14 ~~2.~~ All the provisions of section 422.26 shall apply in
15 respect to the taxes, penalties, interest, and costs imposed
16 by this chapter excepting that as applied to any tax imposed
17 by this chapter, the lien provided in section 422.26 shall
18 be prior and paramount over all subsequent liens upon any
19 personal property within this state, or right to such personal
20 property, belonging to the taxpayer without the necessity of
21 recording as provided in section 422.26. The requirements for
22 recording shall, as applied to the tax imposed by this chapter,
23 apply only to the liens upon real property. When requested to
24 do so by any person from whom a taxpayer is seeking credit,
25 or with whom the taxpayer is negotiating the sale of any
26 personal property, or by any other person having a legitimate
27 interest in such information, the director shall, upon being
28 satisfied that such a situation exists, inform such person as
29 to the amount of unpaid taxes due by such taxpayer under the
30 provisions of this chapter. The giving of such information
31 under such circumstances shall not be deemed a violation of
32 section 452A.63 as applied to this chapter.

33 Sec. 37. Section 453A.28, subsection 1, Code 2023, is
34 amended to read as follows:

35 1. a. If after any audit, examination of records, or

1 other investigation the department finds that any person has
2 sold cigarettes without stamps affixed or that any person
3 responsible for paying the tax has not done so as required by
4 this subchapter, the department shall fix and determine the
5 amount of tax due, and shall assess the tax against the person,
6 together with a penalty as provided in [section 421.27](#). The
7 taxpayer shall pay interest on the tax or additional tax at the
8 rate determined under [section 421.7](#) counting each fraction of
9 a month as an entire month, computed from the date the tax was
10 due. If any person fails to furnish evidence satisfactory to
11 the director showing purchases of sufficient stamps to stamp
12 unstamped cigarettes purchased by the person, the presumption
13 shall be that the cigarettes were sold without the proper
14 stamps affixed. Within three years after the report is filed
15 or within three years after the report became due, whichever is
16 later, the department shall examine the report and determine
17 the correct amount of tax. The period for examination and
18 determination of the correct amount of tax is unlimited in the
19 case of a false or fraudulent report made with the intent to
20 evade tax, or in the case of a failure to file a report, or if a
21 person purchases or is in possession of unstamped cigarettes.

22 b. If the department issues an estimated assessment due to
23 failure to file a report, the procedures described in section
24 423.37, subsections 1 and 2, shall apply to taxes, fees, and
25 interest imposed under this subchapter in the same manner and
26 with the same effect as the provisions apply to the taxes
27 imposed under chapter 423.

28 Sec. 38. Section 453A.46, subsection 1, paragraph a, Code
29 2023, is amended to read as follows:

30 a. (1) On or before the twentieth day of each calendar
31 month every distributor with a place of business in this state
32 shall file a return with the director showing for the preceding
33 calendar month the quantity and wholesale sales price of each
34 tobacco product brought, or caused to be brought, into this
35 state for sale; made, manufactured, or fabricated in this state

1 for sale in this state; and any other information the director
2 may require. Every licensed distributor outside this state
3 shall in like manner file a return with the director showing
4 for the preceding calendar month the quantity and wholesale
5 sales price of each tobacco product shipped or transported to
6 retailers in this state to be sold by those retailers and any
7 other information the director may require. Returns shall
8 be made upon forms furnished or made available in electronic
9 form and prescribed by the director and shall contain other
10 information as the director may require. Each return shall be
11 accompanied by a remittance for the full tax liability shown
12 on the return, less a discount as fixed by the director not to
13 exceed five percent of the tax. Within three years after the
14 return is filed or within three years after the return became
15 due, whichever is later, the department shall examine it,
16 determine the correct amount of tax, and assess the tax against
17 the taxpayer for any deficiency. The period for examination
18 and determination of the correct amount of tax is unlimited in
19 the case of a false or fraudulent return made with the intent
20 to evade tax, or in the case of a failure to file a return.

21 (2) If the department issues an estimated assessment due to
22 failure to file a return, the procedures described in section
23 423.37, subsections 1 and 2, shall apply to taxes, fees, and
24 interest imposed under this subchapter in the same manner and
25 with the same effect as the provisions apply to the taxes
26 imposed under chapter 423.

27 Sec. 39. REPEAL. Section 423.38, Code 2023, is repealed.
28 Sec. 40. EFFECTIVE DATE. This division of this Act takes
29 effect January 1, 2024.

30 DIVISION VII

31 TAX RETURN PREPARERS AND PERSONS AUTHORIZED TO ACT FOR
32 TAXPAYERS

33 Sec. 41. Section 421.59, subsections 1 and 2, Code 2023, are
34 amended to read as follows:

35 1. a. A taxpayer may authorize an individual to act on

1 behalf of the taxpayer by filing a power of attorney with
2 the department, on a form prescribed by the department. The
3 department may prescribe a separate form or integrate the
4 requirements of the form into a return when feasible.

5 *b.* A taxpayer may at any time revoke a power of attorney
6 filed with the department pursuant to [this subsection](#). Upon
7 processing of the taxpayer's revocation of a power of attorney,
8 the department shall cease honoring the power of attorney.

9 2. Unless otherwise prohibited by law, the department may
10 authorize the following persons to act and receive information
11 on behalf of and exercise all of the rights of a taxpayer, and
12 may establish by rule the documentation required to verify
13 authorization to act, regardless of whether a power of attorney
14 has been filed pursuant to [subsection 1](#):

15 *a.* A guardian, conservator, or custodian appointed by a
16 court, if a taxpayer has been deemed legally incompetent by a
17 court. The authority of the appointee to act on behalf of the
18 taxpayer shall be limited to the extent specifically stated in
19 the order of appointment.

20 ~~(1) Upon request, a guardian, conservator, or custodian of~~
21 ~~a taxpayer shall submit to the department a copy of the court~~
22 ~~order appointing the guardian, conservator, or custodian.~~

23 ~~(2)~~ The department has standing to petition the court that
24 appointed the guardian, conservator, or custodian to verify the
25 appointment or to determine the scope of the appointment.

26 *b.* A receiver appointed pursuant to [chapter 680](#). An
27 appointed receiver shall be limited to act on behalf of the
28 taxpayer by the authority stated in the order of appointment.

29 ~~(1) Upon the request of the department, a receiver shall~~
30 ~~submit to the department a copy of the court order appointing~~
31 ~~the receiver.~~

32 ~~(2)~~ The department has standing to petition the court
33 that appointed the receiver to verify the appointment or to
34 determine the scope of the appointment.

35 ~~*c.* An individual who has been named as an authorized~~

1 ~~representative on a fiduciary return of income filed under~~
2 ~~section 422.14 or a tax return filed under chapter 450.~~

3 ~~d.~~ c. An individual holding the following title or position
4 within a corporation, association, partnership, or other
5 business entity:

6 (1) An officer or employee of the corporation or association
7 who is authorized to act on behalf of the corporation or
8 association in tax matters.

9 (2) A designated partner or employee of the partnership
10 who is authorized to act on behalf of the partnership in tax
11 matters.

12 (3) A person authorized to act on behalf of the limited
13 liability company in tax matters pursuant to a valid statement
14 of authority or employee of the company who is authorized to
15 act on behalf of the company in tax matters.

16 ~~e.~~ d. A licensed attorney who has appeared on behalf of
17 the taxpayer or the probate estate in a court proceeding.
18 Authorization under this paragraph is limited to those matters
19 within the scope of the representation.

20 ~~f.~~ e. A parent or guardian of a taxpayer who has not
21 reached the age of majority ~~where the same parent or guardian~~
22 ~~has signed the taxpayer's return on behalf of the taxpayer.~~
23 ~~Authorization under this paragraph is limited to those matters~~
24 ~~relating to the return signed by the parent or guardian.~~
25 Authorization under this paragraph automatically terminates
26 when the taxpayer reaches the age of majority pursuant to
27 section 599.1.

28 ~~g.~~ f. A representative of a government entity. An
29 ~~individual seeking to act on behalf of a government entity~~
30 ~~pursuant to this paragraph shall affirm the authority of~~
31 ~~the individual to act on behalf of the government entity in~~
32 ~~a manner designated by the department. The department may~~
33 ~~require evidence to demonstrate the individual has authority to~~
34 ~~act on behalf of the government entity.~~

35 ~~h.~~ g. An executor or personal representative of an estate.

1 ~~(1) Upon request, the executor or personal representative~~
2 ~~shall submit to the department a copy of the will or court~~
3 ~~order appointing the executor or personal representative.~~

4 (2) The department has standing to petition the court that
5 appointed the executor or personal representative to verify the
6 appointment or to determine the scope of the appointment.

7 ~~i.~~ h. A trustee.

8 ~~(1) Upon request a trustee shall submit a certification of~~
9 ~~trust, or in the absence of a certification of trust a copy of~~
10 ~~the court order appointing the trustee if one has been issued,~~
11 ~~or a copy of the trust.~~

12 (2) The department has standing to petition the court that
13 appointed the trustee to verify the appointment or to determine
14 the scope of the appointment.

15 ~~f.~~ i. A person named as an agent in a general or durable
16 power of attorney document that is currently in force and such
17 document has not been prescribed by the department of revenue.

18 ~~k.~~ j. A successor as defined in section 633.356, subsection
19 2, of a very small estate.

20 Sec. 42. Section 421.62, subsection 2, Code 2023, is amended
21 by adding the following new paragraph:

22 NEW PARAGRAPH. *c.* Notwithstanding subsection 1, paragraph
23 *"d"*, subparagraph (2), for purposes of this subsection, *"tax*
24 *return preparer"* includes any of the following:

25 (1) An individual licensed as a certified public accountant
26 or a licensed public accountant under chapter 542 or a similar
27 law of another state.

28 (2) An individual admitted to practice law in this state or
29 another state.

30 (3) An enrolled agent enrolled to practice before the
31 federal internal revenue service pursuant to 31 C.F.R. §10.4.

32 DIVISION VIII

33 SETOFF

34 Sec. 43. 2020 Iowa Acts, chapter 1064, section 16,
35 subsection 6, is amended to read as follows:

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1 6. *Fees*. The department ~~shall~~ may establish fees for use of
2 the setoff system to be paid by participating public agencies
3 to the department.

4 Sec. 44. CONTINGENT EFFECTIVE DATE. This division of this
5 Act takes effect on the effective date of the rules adopted by
6 the department of revenue pursuant to chapter 17A implementing
7 2020 Iowa Acts, chapter 1064, other than transitional rules.

8 DIVISION IX

9 HOMESTEAD PROPERTY TAX CREDIT

10 Sec. 45. Section 425.11, subsection 1, paragraph e, Code
11 2023, is amended by striking the paragraph and inserting in
12 lieu thereof the following:

13 e. (1) "*Owner*" means the person who holds the fee simple
14 title to the homestead. "*Owner*" also includes the following:

15 (a) The person occupying as a surviving spouse.

16 (b) The person occupying under a contract of purchase which
17 contract has been recorded in the office of the county recorder
18 of the county in which the property is located.

19 (c) The person occupying the homestead under devise or by
20 operation of the inheritance laws where the whole interest
21 passes or where the divided interest is shared only by persons
22 related or formerly related to each other by blood, marriage,
23 or adoption.

24 (d) The person occupying the homestead is a shareholder of a
25 family farm corporation that owns the property.

26 (e) The person occupying the homestead under a deed which
27 conveys a divided interest where the divided interest is shared
28 only by persons related or formerly related to each other by
29 blood, marriage, or adoption.

30 (f) Where the person occupying the homestead holds a
31 life estate with the reversion interest held by a nonprofit
32 corporation organized under chapter 504, provided that the
33 holder of the life estate is liable for and pays property tax
34 on the homestead.

35 (g) Where the person occupying the homestead holds an

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1 interest in a horizontal property regime under chapter
2 499B, regardless of whether the underlying land committed to
3 the horizontal property regime is in fee or as a leasehold
4 interest, provided that the holder of the interest in the
5 horizontal property regime is liable for and pays property tax
6 on the homestead.

7 (h) Where the person occupying the homestead is a member
8 of a community land trust as defined in 42 U.S.C. §12773,
9 regardless of whether the underlying land is in fee or as a
10 leasehold interest, provided that the member of the community
11 land trust is occupying the homestead and is liable for and
12 pays property tax on the homestead.

13 (i) The person occupying the homestead regardless of
14 whether the underlying land is in fee or as a leasehold
15 interest, provided that the person is occupying the homestead
16 and is liable for and pays property tax on the homestead.

17 (2) For the purpose of this subchapter, the word "owner"
18 shall be construed to mean a bona fide owner and not one for
19 the purpose only of availing the person of the benefits of this
20 subchapter. In order to qualify for the homestead tax credit,
21 evidence of ownership shall be on file in the office of the
22 clerk of the district court or recorded in the office of the
23 county recorder at the time the owner files with the assessor
24 a verified statement of the homestead claimed by the owner as
25 provided in section 425.2.

26 Sec. 46. EFFECTIVE DATE. This division of this Act, being
27 deemed of immediate importance, takes effect upon enactment.

28 Sec. 47. APPLICABILITY. This division of this Act applies
29 to claims under chapter 425, subchapter I, for credits against
30 property taxes due and payable in fiscal years beginning on or
31 after July 1, 2024.

32 DIVISION X

33 PROPERTY TAX CREDITS AND RENT REIMBURSEMENT

34 Sec. 48. Section 425.17, subsection 7, Code 2023, is amended
35 to read as follows:

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(amending this HF 715 to CONFORM to SF 565)

1 7. "Income" means the sum of Iowa net income as defined
2 in [section 422.7](#), plus all of the following to the extent not
3 already included in Iowa net income: capital gains~~;~~ alimony~~;~~
4 child support money~~;~~ cash public assistance and relief,
5 except property tax relief granted under [this subchapter](#)~~;~~
6 amount of in-kind assistance for housing expenses,~~the gross~~
7 ~~amount of any pension or annuity, including but not limited~~
8 ~~to~~; total amounts received from a governmental or other
9 pension or retirement plan, including defined benefit or
10 defined contribution plans; annuities; individual retirement
11 accounts; plans maintained or contributed to by an employer,
12 or maintained or contributed to by a self-employed person
13 as an employer; deferred compensation plans or any earnings
14 attributable to the deferred compensation plans; income
15 received pursuant to a farm tenancy agreement covering real
16 property; railroad retirement benefits~~;~~ payments received
17 under the federal Social Security Act, except child insurance
18 benefits received by a member of the claimant's household;~~and~~
19 ~~all~~ military retirement and veterans' disability pensions~~;~~
20 interest received from ~~the~~ a state or federal government
21 or any of its instrumentalities~~;~~ workers' compensation;
22 and the gross amount of disability income or "loss of time"
23 insurance. "Income" does not include gifts from nongovernmental
24 sources, or surplus foods or other relief in kind supplied by
25 a governmental agency. In determining income, net operating
26 losses and net capital losses shall not be considered.

27 Sec. 49. EFFECTIVE DATE. This division of this Act, being
28 deemed of immediate importance, takes effect upon enactment.

29 Sec. 50. APPLICABILITY.

30 1. This division of this Act applies to claims under chapter
31 425, subchapter II, for credits against property taxes due and
32 payable in fiscal years beginning on or after July 1, 2024.

33 2. This division of this Act applies to claims under chapter
34 425, subchapter II, for reimbursement for rent constituting
35 property taxes paid in base years beginning on or after January

1 1, 2023.

2 3. This division of this Act applies to claims under section
3 435.22 for a credit for manufactured and mobile home taxes due
4 and payable in fiscal years beginning on or after July 1, 2024.

5 DIVISION XI

6 ELECTRONIC COMMUNICATIONS — RULES

7 Sec. 51. Section 421.60, subsection 11, paragraph c,
8 subparagraph (1), Code 2023, is amended to read as follows:

9 (1) Notwithstanding any provision of law to the contrary,
10 when an electronic communication is posted to the department's
11 electronic portal for a person who has made such an election,
12 the posting of the electronic communication shall satisfy any
13 requirement of mailing or personal service in [this title](#),
14 [chapter 17A](#), [chapter 272D](#), or [sections 321.105A](#) and [533.329](#).

15 DIVISION XII

16 COMPOSITE RETURN FILING EXCLUSION FOR FINANCIAL INSTITUTIONS
17 AND CERTAIN FINANCIAL HOLDING COMPANIES

18 Sec. 52. Section 422.16B, subsection 5, Code 2023, is
19 amended by adding the following new paragraph:

20 NEW PARAGRAPH. *0c.* The pass-through entity meets any of the
21 following requirements for the tax year:

22 (1) The pass-through entity is a financial institution
23 subject to the franchise tax under section 422.60 and files a
24 franchise tax return required under section 422.62 and pays any
25 franchise tax shown due on the return.

26 (2) The pass-through entity wholly owns one or more
27 financial institutions subject to the franchise tax under
28 section 422.60 that are treated as disregarded entities for
29 federal and Iowa income tax purposes, and at least ninety
30 percent of the gross income of the pass-through entity for the
31 tax year is also reportable income on the franchise tax return
32 of the financial institutions wholly owned by the pass-through
33 entity, and such financial institutions file the franchise tax
34 returns required under section 422.62 and pay any franchise tax
35 shown due on the franchise tax return.

1 section 298.14.

2 ~~2. a. The director of revenue shall deposit instructional~~
3 ~~support income surtax moneys received on or before November 1~~
4 ~~of the year following the close of the school budget year for~~
5 ~~which the surtax is imposed to the credit of each district from~~
6 ~~which the moneys are received in the school district income~~
7 ~~surtax fund.~~

8 ~~b. Instructional support income surtax moneys received or~~
9 ~~refunded after November 1 of the year following the close of~~
10 ~~the school budget year for which the surtax is imposed shall be~~
11 ~~deposited in or withdrawn from the general fund of the state~~
12 ~~and shall be considered part of the cost of administering the~~
13 ~~instructional support income surtax.~~

14 Sec. 60. Section 257.25, Code 2023, is amended to read as
15 follows:

16 **257.25 Instructional support income surtax certification.**

17 1. On or before ~~October 20~~ November 15 each year,
18 the director of revenue shall make an accounting of the
19 instructional support income surtax collected under this
20 chapter ~~applicable to tax returns for the last preceding~~
21 ~~calendar year, or for a taxpayer's fiscal year ending during~~
22 ~~the second half of that calendar year and after the date the~~
23 ~~board adopts a resolution to participate in the program, or the~~
24 ~~first half of the succeeding calendar year, since January 1 of~~
25 ~~the same calendar year~~ from taxpayers in each school district
26 in the state which has approved the instructional support
27 program, and shall certify to the department of management and
28 the department of education the amount of total instructional
29 support income surtax credited from the taxpayers of each
30 school district.

31 2. On or before January 15 of each year, the director of
32 revenue shall make an accounting of the instructional support
33 income surtax collected under this chapter during the preceding
34 calendar year from taxpayers in each school district in the
35 state which has approved the instructional support program,

1 and shall certify to the department of management and the
2 department of education the amount of total instructional
3 support income surtax credited from the taxpayers of each
4 school district.

5 DIVISION XV

6 COMPOSITE RETURN EXCEPTION

7 Sec. 61. COMPOSITE RETURN EXCEPTION — CERTIFICATES OF
8 ACQUITTANCE RELATED TO CERTAIN ESTATES. Notwithstanding any
9 other provision of law to the contrary, the requirements of
10 section 422.16B, including but not limited to the requirements
11 to file a composite return and pay composite return tax,
12 shall not apply to any estate for a tax year that began on or
13 after January 1, 2022, and ended before December 31, 2022, if
14 that estate received a certificate of acquittance from the
15 department of revenue under section 422.27 without having filed
16 a composite return under section 422.16B.

17 Sec. 62. EFFECTIVE DATE. This division of this Act, being
18 deemed of immediate importance, takes effect upon enactment.

19 DIVISION XVI

20 PROPERTY TAX PAYMENTS — SCHOOL DISTRICTS

21 Sec. 63. Section 257.3, subsection 1, Code 2023, is amended
22 by adding the following new paragraph:

23 NEW PARAGRAPH. *d.* The amount paid to each school district
24 under section 441.21, subsection 5, paragraph "e", shall be
25 regarded as property tax. The portion of the payment which
26 is foundation property tax shall be determined by applying
27 the foundation property tax rate to the amount computed under
28 section 441.21, subsection 5, paragraph "e", subparagraph (4),
29 subparagraph division (a), and such amount shall be prorated
30 pursuant to section 441.21, subsection 5, paragraph "e",
31 subparagraph (2), if applicable.

32 Sec. 64. EFFECTIVE DATE. This division of this Act, being
33 deemed of immediate importance, takes effect upon enactment.>

SIEGRIST of Pottawattamie