

Red Tape Review Rule Report (Due: September 1, 2024)

Department Name:	Revenue	Date:	08/23/2024	Total Rule Count:	7
IAC #:	701	Chapter/ SubChapter/ Rule(s):	8	Iowa Code Section Authorizing Rule:	421.14
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PLEASE NOTE, THE BOXES BELOW WILL EXPAND AS YOU TYPE

What is the intended benefit of the rule?

Chapter 8 provides rules regarding forms and other communications between taxpayers and the Department, including descriptions of acceptable signatures, formatting requirements for electronic filing of income tax forms, and required documentation to designate a third party to interact with the Department on the taxpayer’s behalf. The Code gives the Department broad authority to regulate these matters, but offers few practical specifics. These rules set standards for some of the most common interactions between the public and the agency.

Is the benefit being achieved? Please provide evidence.

To the extent the Department proposes to re-promulgate rules, the Department has determined that these rules set standards for some of the most common interactions between the public and the agency. For the most part, these standards have been in place for many years, and are familiar to tax professionals and the general public. The allow the public to know what type of information the Department expects to receive, and the Department to expect to receive that information in a usable format.

What are the costs incurred by the public to comply with the rule?

There are no costs to comply with the rules. This chapter describes a number of forms, including tax returns and third party authorization forms, and describes acceptable methods of submitting those forms to the Department. Although the Department makes these forms available for free online, taxpayers often choose to pay tax professionals, or purchase software, to aid them in completing and submitting these forms.

What are the costs to the agency or any other agency to implement/enforce the rule?

The rules do not impose any costs to the agency of implementing the rule beyond those that are already required to administer the statute. Agency staff must update and maintain these forms, and related Department systems on at least an annual basis. As well as occasionally create new forms when new tax laws are passed. The Department incurs costs, primarily in terms of employee time, to accomplish this.

Do the costs justify the benefits achieved? Please explain.

There are no costs to the rules themselves, however the cost of inaction would create confusion. The information conveyed through the forms and other communications described in these rules is required by law. The rules set standards, in a format that is open and available to everyone, to allow the public to uniformly convey this required information to the Department in a usable format.

Are there less restrictive alternatives to accomplish the benefit? YES NO

If YES, please list alternative(s) and provide analysis of less restrictive alternatives from other states, if applicable. If NO, please explain.

The rules that are re-promulgated are determined to be necessary. There is no less restrictive alternative to achieve the benefit. As noted above, these rules prescribe a uniform format for the public to report tax returns and other legally required information to the Department. The absence of the rules would only reduce uniformity of reporting amongst members of the public. While it is plausible that the rules could prescribe different reporting methods, the format described in these rules largely conforms with the best practices observed by the federal Internal Revenue Service and other state tax agencies, and has been familiar to tax professionals, and the general public, for decades.

Does this chapter/rule(s) contain language that is obsolete, outdated, inconsistent, redundant, or unnecessary language, including instances where rule language is duplicative of statutory language? [list chapter/rule number(s) that fall under any of the above categories]

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Yes, Chapter 8 contains some rules that include outdated or unnecessary language. Rule 8.4 was required by law until the repeal of Iowa Code section 17A.3(1)"b" effective July 1, 2024. that rule is no longer required and no longer needed. Some minor updates were made throughout the chapter, but no whole rules other than 8.4 were found to be obsolete or outdated.

RULES PROPOSED FOR REPEAL (list rule number[s]):

Rule 8.4

RULES PROPOSED FOR RE-PROMULGATION (list rule number[s] or include rule text if available):

Rules 8.1-8.3, and 8.5-8.7. Additionally newly renumbered rule 8.8, which was previously part of Chapter 7 of the Department's rules has been moved to Chapter 8.

The text of the proposed rules will be published with the Regulatory Analysis in the Iowa Administrative Code Bulletin in the coming weeks.

***For rules being re-promulgated with changes, you may attach a document with suggested changes.**

METRICS

Total number of rules repealed:	1
Proposed word count reduction after repeal and/or re-promulgation	3,300 words added
Proposed number of restrictive terms eliminated after repeal and/or re-promulgation	56 terms added

ARE THERE ANY STATUTORY CHANGES YOU WOULD RECOMMEND INCLUDING CODIFYING ANY RULES?

No.