Red Tape Review Rule Report
(Due: September 1, 2026)

Department Name:	Revenue	**Date:**	8/31/26	**Total Rule Count:**	6
IAC #:	701	**Chapter/ SubChapter/ Rule(s):**	Chapter 505	**Iowa Code Section Authorizing Rule:**	421.14, 422.92
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PLEASE NOTE, THE BOXES BELOW WILL EXPAND AS YOU TYPE

What is the intended benefit of the rule?

Chapter 505 provides definitions, examples and other useful information not included in the Code that help both taxpayers and the department understand how and when corporate income taxpayers must calculate and pay their quarterly Iowa estimated payments, as well as the application of penalties for underpayment or failure to pay, and exceptions to those penalties.

Is the benefit being achieved? Please provide evidence.

Yes. Estimated payments, and especially the associated penalties are frequently points of confusion or contention for taxpayers, particularly as the Iowa requirements for corporations differ from the requirements for individuals, which mirror the federal treatment. The rules provide helpful context and examples that help taxpayers and preparers understand the application of this unique Iowa statute.

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

There are no significant costs to the public associated with the rules themselves. The rules describe quarterly estimated income tax payments required by the Code, the penalties applicable when a taxpayer fails to make those payments, and the limited statutory exceptions to those penalties. The rules do not impose additional payments, reporting, or record keeping requirements beyond what is already required by law. They provide guidance to help taxpayers understand how to calculate their payment amounts, understand how overpayments may be applied and, when applicable, understand how and when penalties, and exceptions to those penalties apply.

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

The rules themselves impose no additional costs on the agency, they only clarify items relating to tax payments the department is already required by law to administer.

Do the costs justify the benefits achieved? Please explain.

There are no known costs to the rules themselves. The rules only provide additional guidance on the application of corporate income tax estimated payments, and associated penalties required by law.

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 only real alternatives are providing no guidance to taxpayers at all, or providing this guidance on a more informal basis, not subject to the oversight of the notice and comment process, and able to be changed at any time without warning.

Does this chapter/rule(s) contain language that is obsolete, outdated, inconsistent, redundant, or un-necessary 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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Unnecessary/outdated
505.4

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

505.4

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

505.1 (now 504.1)
505.2 (now 504.2
505.3 (now 504.3
505.5 (now 504.4)
505.6 (now 504.5)
Each of the repromulgated rules also contained outdated or unnecessary language that was updated or removed, but also useful language that was retained. All of the repromulgated rules from Chapter 505 are being moved to Chapter 504, and renumbered accordingly.

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

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	**986**
Proposed number of restrictive terms eliminated after repeal and/or re-promulgation	**11**

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

No.