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

Department Name:	Revenue	**Date:**	8/31/26	**Total Rule Count:**	19
IAC #:	701	**Chapter/ SubChapter / Rule(s):**	Chapters 404, 405	**Iowa Code Section Authorizing Rule:**	422.16B
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PLEASE NOTE, THE BOXES BELOW WILL EXPAND AS YOU TYPE

What is the intended benefit of the rule?

Chapters 404 and 405 provide rules to assist taxpayers in meeting their composite return obligations. The chapters provide guidance on the calculation on nonresident member income, filing obligations, payment of composite return tax and other information. Chapter 404 provided rules for how the process worked for tax years ending on or before December 31, 2021 and are proposed for rescission.

Is the benefit being achieved? Please provide evidence.

Yes, the chapter that is being repromulgated provides information that is not provided in statute for taxpayers to meet their composite return obligations.

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

None, any costs associated with the rules are from the requirements of the statute the chapter is implementing.

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

None, any costs associated with the rules are from the requirements of the statute the chapter is implementing.

Do the costs justify the benefits achieved? Please explain.

There are no costs associated with the chapter except for any costs associated with the statute it implements. The cost of inaction is potential confusion of complying with the reporting and filing requirements for composite returns.

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 alternative would be to provide no guidance or less formal guidance for the composite return obligations that would not be subject to public notice and comment. The chapter being repromulgated is the least restrictive way to provide guidance to taxpayers and the Department.

Does this chapter/rule(s) contain language that is obsolete, outdated, inconsistent, redundant, or unnecessary language, including instances where rule language is duplicative of statutory language?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 404 contained obsolete and outdated language and it is being proposed for rescission. Chapter 405 contained some redundant or outdated information that has been removed for repromulgation.

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

404.1, 404.2, 404.3, 404.4, 404.5, 404.6, 404.7, 404.8, 404.9, 404.10

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

405.1, 405.2, 405.3, 405.4, 405.5, 405.6, 405.7, 405.8, 405.9.

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:	**10**
Proposed word count reduction after repeal and/or re-promulgation	**3288**
Proposed number of restrictive terms eliminated after repeal and/or re-promulgation	**53**

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

No.