Order 2020-03 Granting Certain Penalty Relief Under Iowa Code Section 421.17(30) Due to Proclamation of Disaster Emergency

Conditional penalty relief for taxpayers required to make estimated payments of individual, corporate, or franchise tax for a tax year beginning during the 2020 calendar year which have an installment due date on or after April 30, 2020, and before July 31, 2020.

On March 9, 2020, Governor Reynolds signed a Proclamation of Disaster Emergency in response to the recent outbreak of the COVID-19 virus.

As a result, pursuant to Iowa Code section 421.17(30), to ensure the efficient administration of tax laws the Director of the Department of Revenue hereby issues the following Order:

In addition to any other applicable exceptions to penalties for underpayment of estimated tax provided by Iowa law, for Iowa residents or other taxpayers doing business in Iowa and required to make quarterly estimated Iowa individual income, corporate income, or franchise tax payments for a tax year beginning during the 2020 calendar year, the taxpayer shall not be subject to penalties for underpayment of estimated tax under Iowa Code sections 422.16 or 422.88 with respect to a 2020 estimated tax installment with a due date on or after April 30, 2020, and before July 31, 2020, if the tax payments made on or before that due date satisfy the following provisions as applicable:

A. For individuals with 2018 federal adjusted gross income as modified for Iowa purposes of $150,000 ($75,000 for married filing separate) or less, the tax payments shall be equal to or greater than the following percentage of the taxpayer's total tax shown due or required to be shown due on the taxpayer's 2018 Iowa income tax return if the return covered a period of 12 months:

1. 25% of the tax with respect to the first installment due during the period covered by this Order.
2. 50% of the tax with respect to the second installment due during the period covered by this Order.

B. For individuals with a 2018 federal adjusted gross income as modified for Iowa purposes of greater than $150,000 ($75,000 for married filing separate), the tax payments shall be equal to or greater than the following percentage of the taxpayer's total tax shown due or required to be shown due on the taxpayer's 2018 Iowa income tax return if the return covered a period of 12 months:

1. 27.5% of the tax with respect to the first installment due during the period covered by this Order.
2. 55% of the tax with respect to the second installment due during the period covered by this Order.

C. For corporations or financial institutions, the tax payments are equal to or greater than the following percentage of the taxpayer's total tax shown due or required to be shown due on the taxpayer's 2018 Iowa income or franchise tax return if a return showing a liability for tax was filed by the taxpayer for the 2018 taxable year and such 2018 taxable year covered a period of 12 months:

1. 25% of the tax with respect to the first installment due during the period covered by this Order.
2. 50% of the tax with respect to the second installment due during the period covered by this Order.

For any qualifying taxpayer who takes advantage of the underpayment penalty relief provided in this Order, the difference, if any, between the total 2020 income or franchise tax installment payments otherwise required to be made prior to July 31, 2020, under Iowa law without regard to this Order, less the tax payments required to be made prior to July 31, 2020 under this Order, shall be added to and made part of the taxpayer's next 2020 income or franchise tax installment payment due on or after July 31, 2020, and failure to pay such increased required installment by that due date shall be considered an underpayment of estimated taxes for the installment.

The exceptions to penalties for underpayment of estimated taxes provided in this Order are available in addition to any applicable exceptions available under existing Iowa law.

Issued at Des Moines, Iowa, this 9th day of April, 2020.

IOWA DEPARTMENT OF REVENUE

By _____
Kraig Paulsen, Director