



Department of Revenue

# Iowa Department of Revenue

2024 IMFOA Spring Conference



Department of Revenue

## Ways to Stay Connected

- Subscribe to GovDelivery updates
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- Follow us on social media

# Topics

- Modernization
- GovConnectIowa Overview
- Returns - Withholding, WET, and Sales and Use
- Department Programs
  - Designated Exempt Entities
  - W-2/1099 Program
  - State of Iowa Setoff Program
- Education and Outreach

# Modernization Timeline

## Program Timeline



# Objectives of Modernization



## Customer Centric

Services and processes built around the needs of Agency constituencies, that create efficiencies and provide an improved experience



## Self Service

Tools and resources that enable taxpayers to be more self-sufficient, being better able to perform more transactions and activities without assistance



## Collaboration

Enhanced information sharing capabilities, both internal and external to the Agency, facilitating better collaboration



## User Friendly

Services designed for specific user groups – taxpayers, Agency Staff, and other constituents – that are more user friendly



## Data & Analytics

Improved business intelligence and data analytics capabilities through the reduction of data silos, consolidation of business critical information, and improved data management practices



## Secure

Ensure and continue to enhance the security of data and privacy through advanced cyber and information security resources



## Overview

# Enhanced User Experience



Taxpayer Dashboard



File and Amend Returns



View and Respond to Correspondence



Secure Messaging



Third Party Access



Virtual Assistant



On-Screen Help



Remote Screen Viewing

# Intro to GovConnectIowa

- e-Services portal for tax, alcohol, and lottery administration
  - Return filing, payments, licensing, appeals, and more
- Manage all of your tax accounts in one convenient location, 24/7
- No charge to use the e-Services functions \*
- Services over 26 account types
- Integrating alcohol licensing in late 2025

\* Using a credit card for payment may incur transaction fees.



# What are e-Services?

e-Services are internet-based services that allow you to file and view returns, make payments, communicate with the Department, view letters, and much more!

# What can GovConnectIowa do for you?



Automate processes  
to boost efficiency



Improve  
communication

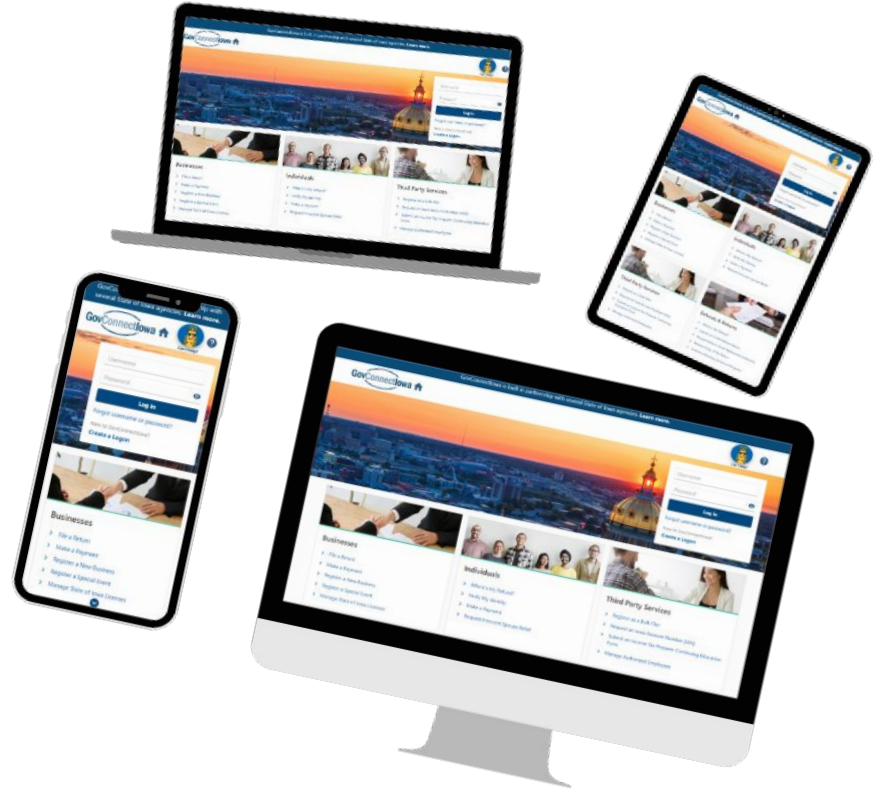


Enhance your  
experience

# Ways to Use GovConnectIowa

GovConnectIowa is responsive!

- Computer (recommended)
- Mobile device
- Tablet



# Getting Started

**Step 1:** Find out if someone at your office already has a GovConnectIowa account

- If they do, they can create a profile for you and give you immediate access!
- If they don't, go to Step 2

## GovConnectIowa Access

- > Request Access to an Account
- > Enter Access Code to Connect to an Account
- > View and Manage My Access
- > Manage Other Users With Access to This Customer

# Getting Started

## Step 2: Create a GovConnectIowa Logon

GovConnectIowa 

   
Can I help?



**Log in**

[Forgot username or password?](#)

[New to GovConnectIowa?](#)

**Create a Logon**

# Create a GovConnectIowa Logon



## Logon Information

First Name

Last Name

Username (Must be at least 6 characters)

Email Address

Confirm Email Address

## Primary Phone

Country	Phone Type	Phone Number	Extension
<input type="text" value="USA"/>	<input type="text" value="Cell Phone"/>	<input type="text" value="515-555-5555"/>	<input type="text"/>

## Secondary Phone (Optional)

Country	Phone Type	Phone Number	Extension
<input type="text" value="USA"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>

## Password & Security

Password

Confirm Password

### Password Must Contain:

- 8-16 characters
- Uppercase letter
- Lowercase letter
- Number
- Special character (!@#\$\$%)

Secret Question

Secret Answer

Confirm Secret Answer

I'm not a robot

## Create a GovConnectIowa Logon



Welcome



Logon Information



Email Validation



Bulk Filer

### Are you a bulk filer?

Do you file returns for multiple clients by uploading a bulk file?

Yes

No

 **Am I a bulk filer?**

Cancel

< Previous

Next >

## Create a GovConnectIowa Logon



### Let's get you to the right place

[Help](#)

Do you need to renew a license?

<input type="radio"/> Yes	<input checked="" type="radio"/> No
---------------------------	-------------------------------------

Do you need to register a new business?

<input type="radio"/> Yes	<input checked="" type="radio"/> No
---------------------------	-------------------------------------

Are you applying for or transferring tax credits?

<input type="radio"/> Yes	<input checked="" type="radio"/> No
---------------------------	-------------------------------------

Do you need to request access to existing tax accounts?

<input checked="" type="radio"/> Yes	<input type="radio"/> No
--------------------------------------	--------------------------

Select **Yes** if you need to request access to a tax account to file returns or reports, view payment history, or view letters

Select **No** to request access later

Cancel

< Previous

Next >



# Getting Started

## Step 3: Request Access

< Home

### Create a GovConnectIowa Logon

come Logon Information Email Validation Bulk Filer Questions Access Type

#### Access Type

Select the access type that applies:

- Individual Income Access**  
Select this option if you need online access to your own individual income tax information.
- Business Access (Business Owner, Employee, etc.)**  
Select this option to manage your business accounts or your employer's accounts.
- Other Party Access (CPA, Tax Preparer, Family Member, Third Party, etc.)**  
Select this option if you are a third party acting on behalf of someone else.

# Request Access - Verification

Next, select an account type from the dropdown menu

Most common account types are:

- Sales and Use
- Withholding
- Individual Income

## *Required*

Composite  
Corporation  
County Recorder  
Electric Fuel - User/Dealer  
Fiduciary  
Franchise  
Household Hazardous Materials  
Individual Income  
Inheritance  
Motor Fuel - Transportation  
Motor Fuel - Retailer  
Motor Fuel - Storage Facility  
Motor Fuel - Supplier/Distributor  
Motor Fuel - User/Dealer  
Motor Fuel Exporter/Eligible Purchaser  
Motor Fuel Refund  
Partnership  
S Corporation  
Sales and Use

# Request Access – Verification

1. Enter the ID or permit number

**AND**

2. One of the account verification items

Account Access ✓ Account Verification ▶

### Select the Account You Will Use For Verification

The tax account you're requesting access to must be registered or have a tax return on file with the Iowa Department of Revenue by the end of the month. You can select additional accounts on the next step.

Account Type Withholding ▼ Permit Number <sup>\*</sup> Required

### Select and Enter One of the Following

- eFile & Pay BEN associated to this account
- Amount of tax due from a return filed in the last 6 months
- Amount of a payment submitted in the last 6 months
- Refund amount received in the last 2 years
- IDR ID (An assigned customer level ID number)

<sup>\*</sup> IDR ID

# Request Access - Accounts



Account Access



Account Verification



Accounts

## Select Any Other Account Types You Need to Request Access to

- |  |  |   |
|--|--|---|
| <input type="checkbox"/> Cigarette/Tobacco Distributor | <input type="checkbox"/> Individual Income                         | <input type="checkbox"/> Motor Fuel - User/Dealer |
| <input type="checkbox"/> Composite                     | <input type="checkbox"/> Inheritance                               | <input type="checkbox"/> Motor Fuel Refund        |
| <input type="checkbox"/> Corporation                   | <input type="checkbox"/> Electric Fuel User/Dealer                 | <input type="checkbox"/> Partnership              |
| <input type="checkbox"/> S Corporation                 | <input type="checkbox"/> Moneys and Credits                        | <input type="checkbox"/> Retail Tobacco           |
| <input type="checkbox"/> County Recorder               | <input type="checkbox"/> Motor Fuel - Exporter/ Eligible Purchaser | <input type="checkbox"/> Sales & Use              |
| <input type="checkbox"/> Drug Tax                      | <input type="checkbox"/> Motor Fuel - Retailer                     | <input type="checkbox"/> Vehicle Lease Use        |
| <input type="checkbox"/> Fiduciary                     | <input type="checkbox"/> Motor Fuel - Storage Facility             | <input type="checkbox"/> Water Excise             |
| <input type="checkbox"/> Franchise                     | <input type="checkbox"/> Motor Fuel - Supplier/ Distributor        | <input checked="" type="checkbox"/> Withholding   |
| <input type="checkbox"/> Household Hazardous Materials | <input type="checkbox"/> Motor Fuel - Transportation               |   |

# What's Next?

- An access code letter will be mailed to the primary mailing address
- Once you receive the code, log into your GovConnectIowa account and enter the code

If you do not wish to grant access to your tax account(s), do not share the access code with the requestor. It is important to keep your personal information and tax account(s) secure, only share access with trusted individuals or entities.

If you believe this is a fraudulent attempt to gain access to your tax information, you can report fraud at [govconnect.iowa.gov](http://govconnect.iowa.gov) or contact Taxpayer Services at 515-281-3114.

**IMPORTANT:** Providing access to GovConnectIowa does not equate to granting third party authorization. You must submit a third party authorization form before the Department can disclose confidential tax information to this individual.

By providing this access code, the requestor:

- Will receive online access to the tax account(s) listed on the second page.
- May be granted access to future tax account(s) that are linked to an existing business account, without the need for an additional access code.
- Will be able to grant additional access to other GovConnectIowa users, without an access code.

You can manage access to your tax account(s) by:

- Connecting to your tax account(s) on GovConnectIowa.
- Using the **GovConnectIowa Access** panel to add, remove, or update access permissions.

**ACCESS CODE: HKC-4WQ**

This access code may only be used by the GovConnectIowa logon:

and will expire on **May 28, 2024**.

If you have any questions, please visit [tax.iowa.gov/govconnectiowa](http://tax.iowa.gov/govconnectiowa) or contact Taxpayer Services at 515-281-3114. Customer service representatives are available Monday through Friday 8am to 4:30pm CT.

*Did you know you can grant immediate access electronically without requesting additional access codes? Log in to your GovConnectIowa account and use the **GovConnectIowa Access** panel to add, remove, or update access permissions.*

# Access Codes - What to Expect

- Codes are mailed to the taxpayer's primary mailing address
  - Can take 7-10 business days to receive
- Codes can only be used by the individual that requested it
- Codes expire after 90 days

## What if I don't receive an access code?

1. Verify the mail wasn't received
2. Verify the address is updated by logging in to a GovConnectIowa account already connected or by calling Taxpayer Services



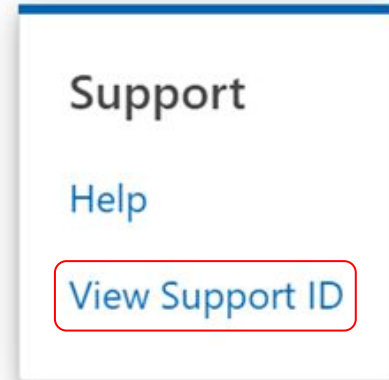
# Need Help? Use View Support ID!

## What is it?

View Support ID is a click-by-click snapshot feature that allows the IDR customer service representative to view your GovConnectIowa session remotely.

## Can the customer service representative see my other windows or screen?

Nope! The only screen the IDR employee can view is your GovConnectIowa session.



# Navigating GovConnectIowa



ABC COMPANY

IDR ID: 1234567890

1 B AVE  
NEWHALL IA 52315-9721

This is your ID number, allows IDR to easily find your accounts

Welcome, JOHN SMITH

You last logged in on Tuesday, Mar 26, 2024 9:13:47 AM

[Manage My Profile](#) <sup>1</sup>

[Favorites](#) [Accounts](#) [Action Center](#) <sup>3</sup> [Settings](#) [I Want To...](#)

Filter

## Sales and Use

1 B AVE  
NEWHALL IA 52315-9721

### Account

1-23-456789

Balance

\$0.00

- > Make a Payment
- > File, Amend, or View Returns
- > Manage Permit Locations
- > Cease Account

This is your account number, important when making payments or asking about a specific tax type



# Navigating GovConnectIowa



Can I help?

ABC COMPANY

IDR ID: 1234567890

1 B AVE

NEWHALL IA 52315-9721

Number tells you if GovConnectIowa has any open work items for you

Welcome, JOHN SMITH

You last logged in on Tuesday, Mar 26, 2024 9:13:47 AM

[Manage My Profile](#) **1**

[Favorites](#) [Accounts](#) [Action Center](#) **3** [Settings](#) [I Want To...](#)

Filter

ABC COMPANY

1234567890

1 B AVE

NEWHALL IA 52315-9721

**Opt-in to Electronic Mail Delivery** ✕

You can opt-in to receive mail electronically through GovConnectIowa.

[Opt-in to Electronic Mail Delivery](#)

**You have 2 unread messages** ✕

Messages sent to you may contain important information about your accounts.

[View Messages](#)

# Navigating GovConnectIowa

Favorites Accounts Action Center <sup>3</sup> Settings I Want To...

## ABC COMPANY

IDR ID: 1234567890

1 B AVE

NEWHALL IA 52315-9721

### Business

[Cancel Access](#)

Security : Full Access

Mail Delivery : Paper ←

Mail Notification : Notify me of new letters

Used to update mail delivery options (Paper or Electronic)

## Sales and Use

ABC COMPANY

1 B AVE

### Account

Security : All Access

# Navigating GovConnectIowa

Favorites Accounts Action Center <sup>3</sup> Settings I Want To...

 *Type a keyword to filter available options*

**Know what you're looking for?**  
Type it in here!

## Quick Links

- > Where's My Refund?
- > Returns & Payments Dashboard
- > Search Drafts & Submissions

## Correspondence

- > Respond to a Letter
- > Send a Message
- > View Letters
- > View Messages

## Returns & Payments

- > Returns & Payments Dashboard
- > Manage Saved Payment Methods
- > Request a Payment Agreement
- > File an Iowa Non-Permit Use Tax Return
- > Request Copy of Tax Return
- > Pay an Invoice

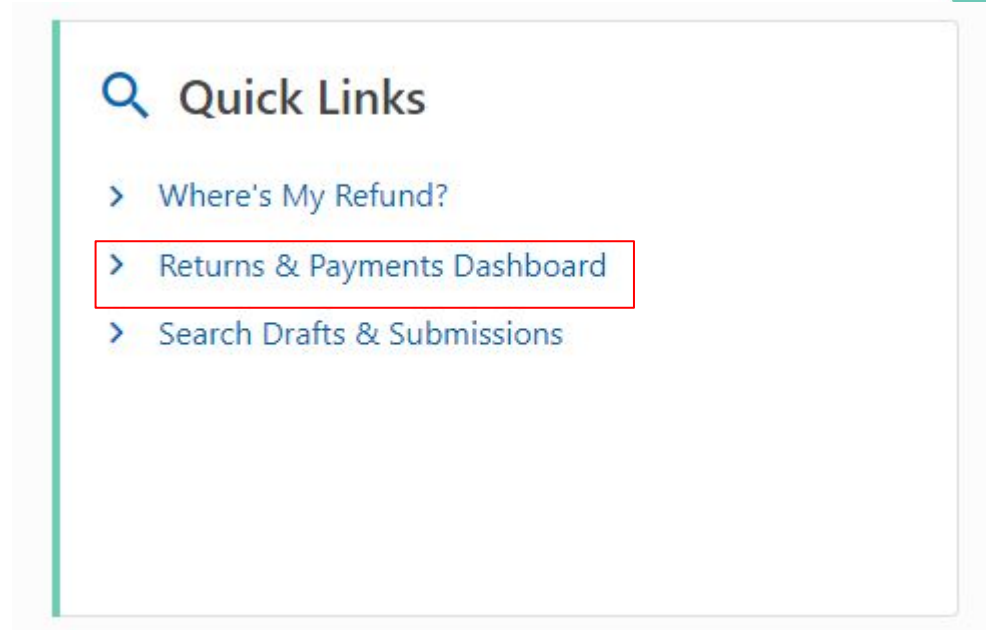
## Names & Addresses

## GovConnectIowa Access

## Third Party Authorization

# Returns & Payments Dashboard

- Logged in only
- Allows you to view or manage payments, return status, and balances by tax period
- Can be sorted by tax type



# Returns & Payments Dashboard



< SMITH, JOHN A

## Manage Payments and Returns

SMITH, JOHN A

1234567890

### Manage Payments and Returns

#### Accounts

All



#### Show

Payments



Balances

Payments

Returns

#### For Periods

All



# Returns & Payments Dashboard - Period Summary



< Manage Payments and Returns

2021

Individual Income  
IIT-12345-67890  
SMITH, JOHN A

Balance

**\$0.00**

- > Make a Payment
- > Where's My Refund?

## Period

### Summary

Tax	\$941.00
Payments	-\$182.00
Other	\$92.00
Credit	-\$851.00
Balance	\$0.00

### Period Activity

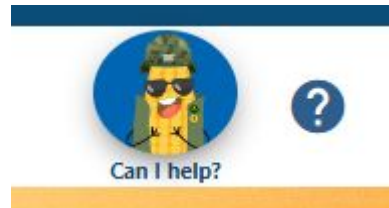
15-Mar-2024	Letter	Notice of Setoff to Debtor
22-Nov-2023	Letter	Notice of Setoff to Debtor
13-Feb-2023	Filed	Individual Income Tax Return
30-Apr-2022	Payment posted	Payment for \$91.00

# Introducing... The Kernel!

- Your virtual assistant, available on the GovConnectIowa portal
- Available 24/7/365
- Answers general questions and helps you navigate GovConnectIowa
- ... Even knows some good jokes!

**How does a pirate report treasure on his taxes?**

On a Schedule Sea!



# Send a Message

Many users prefer to contact the Department electronically, and respond more quickly to web messages.

- Secure way to communicate with the Department
- Two-factor authentication protects PII and sensitive data
- Quick response times and enhanced customer service

## Correspondence

- > Respond to a Letter
- > Send a Message
- > View Letters
- > View Messages



# Receive a Letter? Here's what to do:

1. Read the letter
2. Respond to the letter (if needed)

You can respond to or upload documents electronically on GovConnectIowa.

## Don't see your letter?

You must view the letter via the **View Letters** link before you can respond. On-screen instructions are available!

The screenshot displays the 'Correspondence' section of the GovConnectIowa website. It is divided into two parts: 'Logged in' and 'Non-logged in'. The 'Logged in' section includes links for 'Respond to a Letter', 'Send a Message', 'View Letters', and 'View Messages'. The 'Non-logged in' section includes links for 'Search Drafts & Submissions', 'Respond to a Letter', 'View Qualifying Debt for Setoffs', 'Report Fraud or Identity Theft', 'Request a Penalty Waiver', and 'Petition the Department'. A red box highlights the 'Respond to a Letter' link in both sections. A yellow arrow labeled 'Logged in' points to the 'Respond to a Letter' link in the top section, and another yellow arrow labeled 'Non-logged in' points to the 'Respond to a Letter' link in the bottom section. An image of people working at a computer is also visible in the background of the bottom section.

**Correspondence**

- > Respond to a Letter
- > Send a Message
- > View Letters
- > View Messages

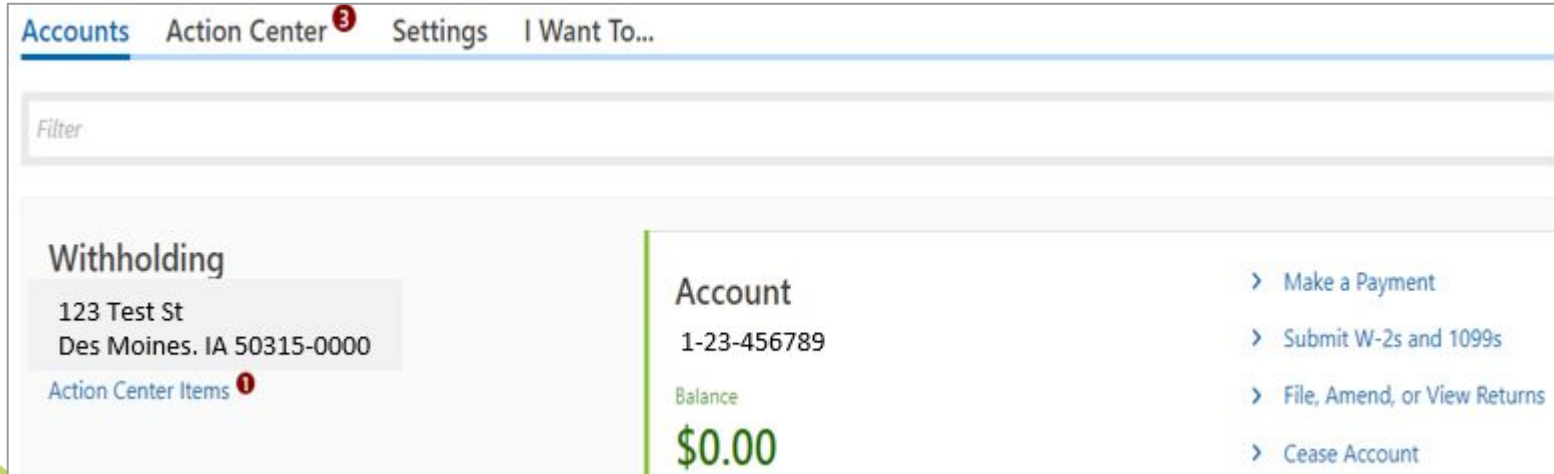
**Additional Services**

- > Search Drafts & Submissions
- > Respond to a Letter
- > View Qualifying Debt for Setoffs
- > Report Fraud or Identity Theft
- > Request a Penalty Waiver
- > Petition the Department

# Filing Withholding Tax Returns

# Filing a Return - Getting Started

1. Log in to GovConnectIowa
2. Click **File, Amend, or View Returns** located on the *Accounts* tab



The screenshot displays the 'Accounts' tab in the GovConnectIowa interface. The navigation bar includes 'Accounts', 'Action Center' (with a red notification badge containing the number 3), 'Settings', and 'I Want To...'. Below the navigation bar is a search filter box labeled 'Filter'. The main content area is divided into two columns. The left column, titled 'Withholding', shows the address '123 Test St, Des Moines, IA 50315-0000' and a link for 'Action Center Items' with a red notification badge containing the number 1. The right column, titled 'Account', shows the account number '1-23-456789' and a balance of '\$0.00'. To the right of the account information is a list of actions: 'Make a Payment', 'Submit W-2s and 1099s', 'File, Amend, or View Returns', and 'Cease Account'. A red arrow points to the 'File, Amend, or View Returns' option.

Withholding	Account	Actions
123 Test St Des Moines, IA 50315-0000 <a href="#">Action Center Items</a> <span>1</span>	1-23-456789 Balance <b>\$0.00</b>	<a href="#">Make a Payment</a> <a href="#">Submit W-2s and 1099s</a> <a href="#">File, Amend, or View Returns</a> <a href="#">Cease Account</a>

# Withholding Reminder

Monthly and semi-monthly filers are required to choose between the following options:

- **File, Amend, or View Quarterly Returns**
  - Used to file returns and make final, quarterly payment
- **Make a Deposit Payment**
  - Used to make a monthly and semi-monthly payments

## Quarterly Returns and Deposits

### Quarterly Return

File, amend, or view your quarterly returns.

> [File, Amend, or View Quarterly Returns](#)

### Deposits

Make your monthly or semi-monthly deposits.

> [Make a Deposit Payment](#)

# Filing a Return - Return Dashboard

## 3. Click *File Now* for the period you want to file

- Period End = Tax Period
- Status = Confirms if return is filed, past due, or available to be filed

Returns

Period End	Return	Status	Due Date	Received Date	
31-Dec-2023	Withholding Tax Return	Available	31-Jan-2024		<a href="#">File Now</a>
30-Sep-2023	Withholding Tax Return	Available	31-Oct-2023		<a href="#">File Now</a>
30-Jun-2023	Withholding Tax Return	Filed	31-Jul-2023	20-Jul-2023	<a href="#">View or Amend Return</a>

# Filing a Return - Return Type

## 4. Answer if you have tax to report for the period, then click *Next*

The screenshot shows a web form titled "Withholding Tax Return". At the top, there is a progress bar with a blue circle and a right-pointing arrow, labeled "Activity". Below this, the question "Do You Have Tax To Report This Period?" is displayed. There are two radio button options: "I have tax to report." (which is selected) and "I do not have tax to report. I want to file a zero return." Red arrows point from text annotations to each option. The first arrow points to the selected option with the text "Directs user to the tax return". The second arrow points to the unselected option with the text "Quick files a zero return and skips all return screens". At the bottom of the form, there are four buttons: "Cancel", "Save Draft", "Previous" (with a left arrow), and "Next" (with a right arrow and a dark blue background).

Withholding Tax Return

Activity

Do You Have Tax To Report This Period?

I have tax to report. ← Directs user to the tax return

I do not have tax to report. I want to file a zero return. ← Quick files a zero return and skips all return screens

Cancel Save Draft < Previous Next >

# Filing a Return - Tax Withheld

## 5. Enter the total tax withheld for the quarter, then click *Next*

- Include withholding deposits, additional payments, and applicable tax credits.

### Withholding Tax Return

---

Activity ✓ Tax Withheld ➤

---

#### Report Withholding Information Help

Total Tax Withheld this Quarter

1,200.00

---

# Filing a Return - Job Credits

## 6. Enter job credits (if applicable)

- Click **Yes** if you have job credits to report
- Select the Credit Type from the dropdown menu
- Enter the **Credit Amount** and **Certificate Number**
- Use **Add a Job Credit** link to add additional credits

Do you have any job credits to report?

Yes

No

Learn more about [Iowa Withholding Job Credits](#).

### Enter Credit Information

Enter the credit amount and certificate number for each credit to which you are entitled.

Credit Type	Credit Amount	Certificate Number
<input type="text"/>	<input type="text" value="0.00"/>	<input type="text"/>

+ Add a Job Credit



# Filing a Return - Monthly Tax Withheld

## 7. Enter Monthly Tax Withheld

- Only applies to monthly and semi-monthly filers
- Must enter the tax withheld for each month or semi-month for dates listed
- Should match your deposit payments and final quarterly payment amounts.
- Amount Remaining to be Allocated:
  - Pulled from Total Tax Withheld section of the return
  - Will update as user enters information
  - Must be \$0.00 before user can proceed

**Monthly Tax Withheld**

Your filing frequency requires your tax withheld to be reported on a **monthly** basis.  
Your total reported tax withheld is **\$1,200.00**.

Amount Remaining to be Allocated	:	<b>1,200.00</b>
----------------------------------	---	-----------------

**Tax Withheld**

From 01-Jul-2023 to 31-Jul-2023	0.00
From 01-Aug-2023 to 31-Aug-2023	0.00
From 01-Sep-2023 to 30-Sep-2023	0.00

# Filing a Return - Prior Payments

## 8. Enter Prior Payments for This Period

- The sum total of deposits, payments, and carry forward on file for the tax period will be displayed
- Confirm the amount listed is accurate OR enter the correct amount
  - Payments pending processing will not be included. Edit the amount (if applicable) to include missing or pending payments.

### Enter Prior Payments for This Period [Help](#)

Our records indicate that you have made prior payments of **\$1,137.92** for this period. If this does not match your records, enter the correct amount of prior payments and deposits made for this period.

Deposits and Overpayments	<input type="text" value="1,137.92"/>
---------------------------	---------------------------------------

# Filing a Return - Penalty and Interest

## 9. Confirm Penalty and Interest

- Selecting **No** will allow user to add penalty and interest to their return
  - Can elect to have GovConnectIowa calculate penalty and interest OR self-assess amounts
  - Penalty and interest will be added to final amount due
  - Department will review amounts for accuracy, regardless of selection
- Selecting **Yes** will bypass penalty and interest, allowing user to proceed to the next screen

Did you pay all tax due on time?

Yes  No

Based on your return you are required to pay the following amounts:

Due Date	Amount Due
15-Nov-2023	\$500.00
15-Dec-2023	\$500.00
31-Jan-2024	\$200.00

Your Total Tax Due for this period is **\$1,200.00**.

Your Reported Prior Payments and Deposits for this period are **\$1,137.92**.

Estimated Penalty and Interest

The Department is unable to estimate your penalty and interest using the information provided.

Do you want to self assess your penalty and interest? \*

Yes  No

# Filing a Return - Final Review

## 10. Review Summary of Return

- If return information is correct, click **Next** to continue
- Use the **Previous** button to fix errors on prior screens

### Summary

Total Tax Withheld this Quarter	:	1,200.00
Deposits and Overpayments	:	1,137.92
Total Amount Due	:	62.08

# Filing a Return - Payment Options

## 11. Payment Options

- **Bank Account**

- Can save bank information for future use and postmark date payments
- May be subject to a one time prenote authorization
- May display as a “\$0.00” authorization
- Can take 3-5 business days

- **Credit Card**

- Transaction fees may apply

- **Pay Later**

- An option to print a payment voucher will be shown on the confirmation page

# Filing a Return - Submission

## 12. Submit the Return

- Requires user to enter their GovConnectIowa password
- A confirmation number will be provided
- Users can print a copy of the return on the Confirmation page

# Tips & Reminders

- Making a payment **does not** equate to filing a return.
  - Use **File, Amend, or View Returns** to submit returns and deposits
  - Use **Make a Payment** to pay outstanding balances
- When a business closes, the withholding account must be closed and returns filed for periods prior to the account cease date.
- Withholding accounts cannot be reinstated or transferred.
- Regularly review and update addresses - *Available on GovConnectIowa!*
- Returns are available for filing on the 1st day of the tax period

# Common Errors & Issues

- Monthly and semi-monthly tax collected incorrectly reported on quarterly return
  - Amounts entered do not match the deposit payments
- Late payments - Deposits are subject to penalty and interest
- Filing return on the wrong period
  - Select **File Now** for the period listed in the **Period End** column
- Bad mailing addresses



# **Water Excise Tax (WET)**

# What is Water Excise Tax?

- In 2018, the Iowa legislature passed a new law, **SF 512**, effective July 1, 2018, which created Water Service Excise Tax
- Applies to the sale of water service by water utilities
- Exempts the sales of water service from states sales tax, but imposed a new 6% excise tax on the sale of water service
- Portion of taxes collected are distributed into two funds:
  - Water quality infrastructure fund
  - Water quality assistance fund

# Who is Subject to Water Excise Tax?

- **Water Utilities**
  - any person or business, including municipally owned corporations, who owns or operates any facilities making sales of water service to the public for consumption
- **Water Service** = the delivery of water by a piped distribution system.
- **Facility** = any storage tanks, water towers, wells, plants, reservoirs, aqueducts, hydrants, pumps, pipes and any other similar devices, mechanisms, equipment, or amenities designed to hold, treat, or sanitize or deliver water.

# Water Excise Tax Permits

- All water utilities must apply for an obtain a new permit to collect and remit Water Excise Tax
- Must register electronically via GovConnectIowa
- Must file and pay returns electronically
- Filing Frequencies:
  - **Monthly:** Collect more than \$1200 in combined annual Water Excise and sales tax
  - **Annually:** Collect less than \$1200 in combined Water Excise Tax and sales tax for the prior year.

# Water Excise Tax - Filing Returns

## Enter Water Service Sales Information

**Gross sales** = Report gross sales of water piped for compensation for the entire period. Do not include other sales of tangible personal property or services.

**Goods consumed** = Not applicable

Activity	Sales
<b>Enter Water Service Sales Information</b> <a href="#">Help</a>	
Gross sales subject to water service excise tax	1,500.00
Goods consumed (water service only)	0.00

# Water Excise Tax - Filing Returns

## Enter Exemptions

<b>Interstate Commerce</b>	Sales made where delivery occurred outside of Iowa.
<b>Processing</b>	Sales of items that will be incorporated into another item for resale by the purchaser.
<b>Resale</b>	Sales of water that will be resold in its present form by the purchaser.
<b>Other</b>	Any exempt sales made during the period that do not fall into any of the previous categories.

# Water Excise Tax - Filing Returns

## Enter Prior Payments for This Period

- The sum total of deposits, payments, and carry forward on file for the tax period will be displayed
- Confirm the amount listed is accurate OR enter the correct amount

The screenshot shows a progress bar at the top with four steps: 'Activity', 'Sales', 'Exemptions', and 'Prior Payments'. The first three steps have checkmarks, and the fourth has a right-pointing arrow. Below the progress bar is a form titled 'Enter Prior Payments for This Period'. The form contains the text: 'Our records indicate no prior payments for this period. If this does not match your records, enter the correct amount of prior payments made for this period.' Below this text is a label 'Prior Payments' followed by a text input field containing the value '0.00'.

# Filing Sales and Use Tax Returns



# Sales and use Tax - Sales Information

Enter your total Gross Sales and Goods Consumed for the entire period.

- **Gross Sales:** Total sales, including sales exempt from sales tax.
  - Do not include the sales tax collected in gross sales.
- **Goods Consumed:** Consists of items normally subject to sales tax, but were purchased tax free for direct resale or for incorporation into a product for resale, but instead were used by the business. Report the original cost paid to supplier.

Do **not** report quarterly sales on monthly returns.

### Sales Information [Help](#)

Enter the gross sales and goods consumed for the month.

Gross Sales	<input type="text" value="40,000.00"/>
Goods Consumed	<input type="text" value="2,500.00"/>

# Sales and Use Tax - Exemptions

Enter your Exemptions for the period.

- Report tax exempt sales.
- Do **not** enter negative numbers.
- Not the same as deductions for income tax.
  - Do not include business expenses.
- Use the Help hyperlink for descriptions of each exemption line item.

Exemptions		<a href="#">Help</a>
Interstate Commerce	0.00	
New Construction	1,400.00	
Manufacturing, Machinery, and Equipment	0.00	
Computers and Computer Peripherals	0.00	
Resale	0.00	
Processing	0.00	
Residential Utility	0.00	
Sales Tax Holiday	0.00	
Other (including Government)	3,200.00	
Total Exemptions	4,600.00	

# Sales and Use Tax - Use Tax Information

Enter Use Tax Information.

- **Total Taxable Purchases:** Purchases made where tax was not collected by seller, but should have been.
- **Sales Subject to Use Tax:** Sales made on transactions not subject to Iowa sales tax.

Use Tax Information	<b>Do not include or report sales subject to sales tax.</b>	<a href="#">Help</a>
Enter your total taxable purchases and sales subject to use tax for the month.		
I do not have use tax to report *	<input type="checkbox"/>	
Total Taxable Purchases	<hr/>	0.00
Sales Subject to Use Tax	<hr/>	0.00

# Sales and Use Tax - Use Tax Information

## Total Taxable Purchases

- Typically applies to purchases made from out-of-state suppliers not collecting Iowa tax on goods/services that are for use in Iowa.
- The purchaser becomes responsible for remitting use tax (if not collected by the retailer) when ownership or control of the good or service takes place.
- Example:
  - An Iowa business purchases office supplies from an out-of-state vendor in another state who does not collect Iowa sales or use tax. The business uses those items in Iowa. The business owes Iowa use tax.

# Sales and Use Tax - Use Tax Information

## Sales Subject to Use Tax

- Applies to retailers who do not have a physical or economic nexus in Iowa, but make sales into Iowa.
- Retailers may collect and remit the use tax that would be due on behalf of customers and report the tax as “Sales Subject to Use Tax”.
- What is economic nexus?
  - Remote sellers that generate \$100,000 or more in gross revenue from sales into Iowa in the current or prior calendar year.

# Sales and Use Tax - Local Option Sales Tax

Enter taxable sales subject to local option sales tax.

- Does not apply to sales subject to use tax.
- Most jurisdictions impose a local option sales tax.
  - [tax.iowa.gov/iowa-local-option-tax-information](https://tax.iowa.gov/iowa-local-option-tax-information)
- If none, click No and continue.
- Selecting Yes will populate a new panel to enter sales by county.
  - Click Add a County to enter information.


**Sales Subject to Local Option Sales Tax (LOST)**

You reported **\$37,900.00** in taxable sales. Are any of these subject to local option sales tax (LOST)?

Yes  No

Learn more about [Local Option Sales Tax Information](#).

**Report Sales Subject to Local Option Sales Tax by County**

[+ Add a County](#) 

Total		
Total Local Option Sales	:	0.00
Total Local Option Sales Tax	:	0.00

# Sales and Use Tax - Local Option Sales Tax

Selecting YES...

- Select the county for the jurisdiction imposing local option sales tax.
- Enter the sales subject to local option sales tax.
- Repeat this process for all applicable jurisdictions.

Report Sales Subject to Local Option Sales Tax by County Popula

County	Sales subject to Local Option Sales Tax	Local Option Rate	Local Option Tax
	0.00	0.00%	0.00
+ Adair County - 01			
+ Adams County - 02			
+ Allamakee County - 03			
+ Annanose County - 04			
Total			

# Sales and Use Tax - Prior Payments

Enter Prior Payments for This Period.

- Total payments on file for the tax period will be listed.
  - Examples: Credit Carry Forwards & timely payments made by late filers.
- Prior Payments field is editable. Enter correct amount if applicable.
- The amount listed will be subtracted from your tax amount due.

## Enter Prior Payments for This Period

Our records indicate no prior payments for this period. If this does not match your records, enter the correct amount of prior payments made for this period.

Prior Payments

0.00





**Department of Revenue**

# **Department Programs**

Designated Exempt Entities

W-2/1099 Program

State of Iowa Setoff Program

# Designated Exempt Entities

# What are Designated Exempt Entities?

- Entities that award construction contracts and may issue special exemption certificates to contractors and subcontractors.
  - Allows the purchase, or withdraw from inventory, of building materials and supplies for the contractor free from sales tax.
  - Lowers the dollar amount of contract bids as sales tax is not included.
  - Avoids the need for contractors and subcontractors to apply for refund of Iowa sales tax.

**Note:** Nonprofit hospitals are NOT designated exempt entities for this purpose.

# Who are Designated Exempt Entities?

- Who is a Designated Exempt Entity?
  - Private nonprofit educational institution in Iowa
  - Nonprofit private museum in Iowa
  - Tax-certifying or tax-levying body or governmental subdivision of Iowa, including the state board of regents, DHHS, DOT, and recreational lake and water quality districts
  - Municipally-owned solid waste facility which sells all or part of its processed waste as fuel to a municipally-owned public utility
  - All divisions, boards, commissions, agencies, or instrumentalities of state, federal, county, or municipal government which do not have earnings going to the benefit of an equity investor or stockholder
  - Habitat for Humanity
  - Rural water districts organized under Iowa Code Chapter 357A
  - An entity that is an instrumentality of a county or municipal government, including an agent of the entity, if the instrumentality or agent was created for the purpose of owning real property located within a reinvestment district established under Iowa Code Chapter 15J.
    - Such entities are entitled to a sales tax exemption on building materials, supplies, or equipment that are completely consumed in the performance of a construction contract to construct a project, which project has been approved by the economic development authority board in accordance with Chapter 15J.

# Designated Exempt Entity Process

1. Entity applies for Designated Exempt Entity status via GovConnectIowa.
  - Applicants will be notified of status via GovConnectIowa Action Center.

## Exempt Entity

> Register as an Exempt Entity

2. Approved entities will register contracts by clicking the “Add Exempt Project”.
3. Provide each contractor/subcontractor with an exemption certificate and authorization letter exclusively for this project.

## Exempt Entity

Manage designated exempt entities.

> Add Exempt Project

> View/Update Projects & Print Certificates

# Designated Exempt Entity Process

## Add Exempt Project

1. Click Add Exempt Project hyperlink from “I Want To...” tab.
2. Complete project details.
  - Required fields indicated by red asterisk ( \* )
  - Details can be edited later if needed.
3. Add Contractor(s)
4. Review & Submit Project.
5. Print certificate and provide copy to contractor(s) and subcontractor(s).

# Exemption Certificate & Authorization Letter

- Provides Designated Exempt Entity project information.
- Confirms sale tax exempt status of contractor and subcontractor for a specific project.
- Should be kept by the seller, contractor, and designated exempt entity.
- Copies can be given to suppliers of building materials.

Iowa Department of  
**REVENUE**

**Designated Exempt Entity  
Iowa Construction Sales Tax Exemption  
Certificate and Authorization Letter**

This document may be completed by a designated exempt entity and given to their contractor and/or subcontractor. *Seller:* Keep this certificate in your files. *Contractor/Exempt Entity:* Keep a copy of this certificate for your records. **Do not send this to the Department of Revenue**

Designated Exempt Entity: IDR TESTING INC Address: 205 E 14TH ST City: DES MOINES State: IA Zip Code: 503163903 Construction Project Name: TESTING 2023 Construction Project Number: 123456	General Contractor or Subcontractor Name: ABC TESTING Address: 23 E MAXWELTON DR City: DES MOINES State: IA Zip Code: 503154106 Type of work: This is a test
---	--

Description of contract/subcontract:  
This is a test.

The named contractor/subcontractor may purchase building materials used in the contract, exempt from sales tax. This exemption does NOT apply to materials, equipment and supplies consumed by the contractor or subcontractor that are not incorporated into the real property being constructed.

Designated Exempt Entity Authorized Agent: \_\_\_\_\_ Date: \_\_\_\_\_

**Authorization Letter From IDR TESTING INC**

**CONTRACTORS/SUBCONTRACTORS: A copy of this document must be presented to your supplier(s) prior to purchasing your building materials.**

Pursuant to Iowa Code Section 423.3(80), you are authorized to purchase building materials tax free for the contract specified above.

The exemption certificate (or a copy of the certificate) may be provided to the suppliers of your building materials and will authorize them to sell you the materials exempt from Iowa sales tax and any applicable local option sales tax. Complete information on qualifying materials can be found at [tax.iowa.gov](http://tax.iowa.gov).

It is your responsibility to have records identifying the materials purchased and verifying they were used on this project. Any materials purchased tax-free and not used on this construction project are subject to sales and applicable local option tax. Should this occur, the tax must be paid directly by you to IDR in the same calendar quarter the project is completed. Email the department at: [IDR@iowa.gov](mailto:IDR@iowa.gov) if you have questions on this requirement.

# Iowa Sales Tax Exemption Certificate

- Available on Department's website.
- Completed by the purchaser claiming exemption from tax and given to seller.
- Typically used by businesses for qualifying purchases:
  - Resale and Processing
  - Qualifying Farm & Manufacturing machinery / equipment
  - Pollution control equipment
  - Qualifying computer software, specified digital products & services
  - Qualifying computers or computer peripherals
  - Direct pay permit holders
  - Private nonprofit educational institutions
  - Nonprofit foodbanks

Iowa Department of  
**REVENUE** \_\_\_\_\_ **Iowa Sales/Use/Excise Tax Exemption Certificate**  
tax.iowa.gov

This document is to be completed by a purchaser when claiming exemption from sales/use/excise tax. Certificates are valid for up to three years.

Purchaser legal name: \_\_\_\_\_ Seller legal name: \_\_\_\_\_  
Doing business as: \_\_\_\_\_ Doing business as: \_\_\_\_\_  
Address: \_\_\_\_\_ Address: \_\_\_\_\_  
City: \_\_\_\_\_ State: \_\_\_\_\_ ZIP: \_\_\_\_\_ City: \_\_\_\_\_ State: \_\_\_\_\_ ZIP: \_\_\_\_\_

General nature of business: \_\_\_\_\_  
Phone number: \_\_\_\_\_

**Purchaser is doing business as:**  
Retailer  Permit number (if required): \_\_\_\_\_  
Retailer car dealer  Enter your DOT number: \_\_\_\_\_  
Governmental agency (including public schools)   
Wholesaler   
Farmer   
Lessor   
Manufacturer   
Nonprofit hospital   
Private nonprofit educational institution   
Qualifying residential care facility   
Nonprofit museum   
Commercial enterprise   
Nonprofit food bank   
Other  \_\_\_\_\_

**Purchaser is claiming exemption for the following reason:**  
Resale  Leasing  Processing   
Qualifying farm machinery/equipment   
Qualifying farm replacement parts   
Qualifying manufacturing machinery/equipment   
Research and development equipment   
Pollution control equipment   
Recycling equipment   
Qualifying computer or computer peripheral   
Qualifying replacement parts/supplies (manufacturing, research & development, pollution control, recycling, computer)   
Qualifying computer software, specified digital products and digital services   
Grain bins and replacement parts   
Other  \_\_\_\_\_  
Direct pay  Permit number required: \_\_\_\_\_  
Permit: \_\_\_\_\_

Description of purchase (Include additional information if necessary):  
\_\_\_\_\_  
\_\_\_\_\_

I, the undersigned, declare under penalties of perjury or false certificate, that I have examined this certificate, and, to the best of my knowledge and belief, it is true, correct, and complete.

Signature of purchaser: \_\_\_\_\_  
Title: \_\_\_\_\_ Date: \_\_\_\_\_



# W-2/1099 Program

# W-2/1099 Filing Requirements

Who	What	Is it Required?	Filing Due Date
Business with a withholding permit	Verified Summary of Payments (VSP)	No	No Longer Required
Business with W-2s	Must file W-2s containing Iowa Tax Withholding.	Yes	2/15/2024
Business with 1099s	Must file 1099s containing Iowa Tax Withholding.	Yes	2/15/2024

The Department will not issue permits for purposes of electronically filing 1099s or W-2s with no Iowa tax withholding.

Cancelled withholding permits can be accessed up to 3 years to submit W2 or 1099 forms.

Only W-2s and 1099s containing Iowa Tax Withholding are required to be filed.

# 1099 Forms Accepted

- Form 1099-B, Proceeds From Broker & Barter Exchange Transactions
- Form 1099-C, Cancellation of Debt
- Form 1099-DIV, Dividends and Distributions
- Form 1099-G, Certain Government Payments
- Form 1099-INT, Interest Income
- Form 1099-K, Payment Card & Third Party Network Transactions
- Form 1099-MISC, Miscellaneous Income
- Form 1099-NEC, Nonemployee Compensation
- Form 1099-OID, Original Issue Discount
- Form 1099-R, Distributions from Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs Insurance Contracts, etc.

# How to File W-2s & 1099s

- Do it Yourself
  - Manually enter W-2s, W-2Gs, 1099-Rs, 1099-Gs, 1099-NECs, and 1099-MISC using the Manual Key function on GovConnectIowa
- Use a Service Provider or Software Vendors
  - Upload a file on GovConnectIowa (*requires software to create the file*)
  - Software must support electronic filing of W-2s and 1099s to Iowa
- Video Tutorial
  - [2023 Electronic Filing of W-2s and 1099 Webinar](#)

# Filing Extensions

- The Department will allow one 30 day filing extension
  - Must be submitted by February 15
    - Request for Filing Extension link is disabled on Feb 16
  - Apply for the extension at [tax.iowa.gov](https://tax.iowa.gov)

# Penalties

- HF 2552 introduces a \$500 civil penalty to each payer for each occurrence
  - Willful failure to furnish or furnish late an employee, nonresident, or other person with an income statement
  - Willfully furnishing false or fraudulent statement w/ payee
  - Willful failure to file or late file an income statement with the Department
  - Willfully filing a false or fraudulent statement with the Department
- Applies to income statements due on or after July 1, 2022.

## **Example:**

1.  $\$500 \times 10 = \$5,000$  for failing to furnish each employee with a W-2
2. Subject to \$500 penalty for failing to furnish the Department with a W-2

# Additional Information

- Must have access to withholding account to see “Submit W-2s and 1099s” link.
- We accept both the 12 digit and 9 digit withholding permit numbers.
  - Best practice is to use the 9 digit permit number.
- Current year filing is not made available until the end of tax year.
- Cancelled withholding permits have 3 years to access their withholding account to submit W2 or 1099 forms.

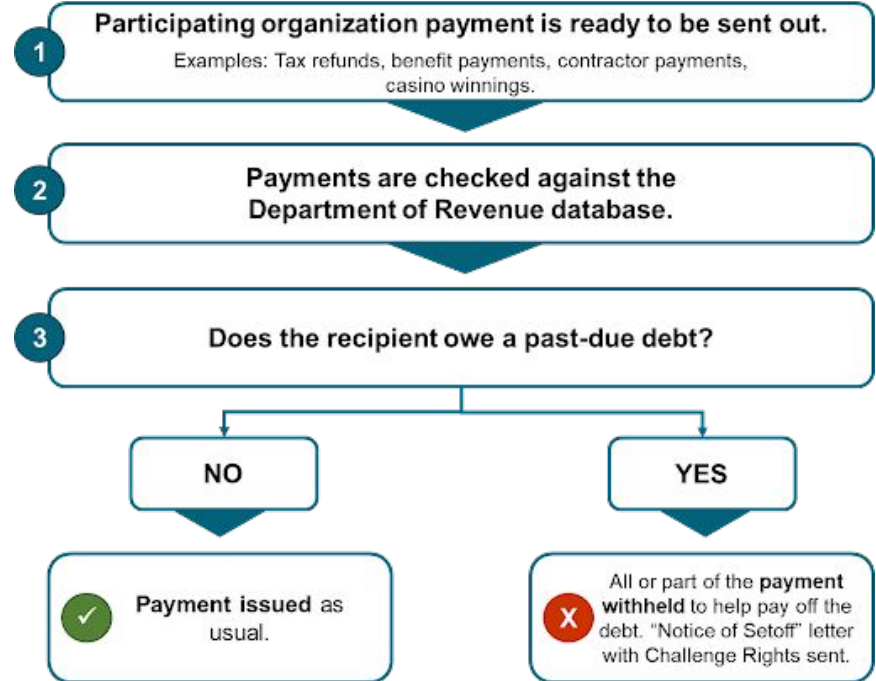
# **State of Iowa Setoff Program**



# State of Iowa Setoff Program

## What is it?

A method public agencies may use to collect past-due debts that are owed.



# How the Program Works

1. If you owe money to a public agency (participating in the Setoff program), they share this debt information with IDR
2. When you're supposed to get a payment or refund, IDR checks if you owe any overdue debts
3. If you do, IDR keeps the money to cover the debt
4. You'll receive a letter from IDR explaining why they're keeping the money and share more details about the debt and agency

# Participating Agency Information

## Requirements to Participate:

- Must be a State of Iowa public agency
- Complete the [Setoff Enrollment Application with Qualifying Debt Questionnaire](#)

**Questions?** Visit [tax.iowa.gov/setoffs](https://tax.iowa.gov/setoffs) or contact [idr-setoffs@iowa.gov](mailto:idr-setoffs@iowa.gov).

# Education & Outreach

# 2024 Initiatives

- Interactive Workshops and Webinars
- Improved Online Resources
  - New website, [revenue.iowa.gov](https://revenue.iowa.gov) - July 2024
  - Youtube video tutorials
- Partnerships
- Social Media Campaigns
- Feedback Mechanisms
- Internal Training Programs

# Upcoming Webinars

Date	Webinar
June 12	Third Party Access & Authorization
July 10	Iowa Pass-Through Entity Income Tax Overview <ul style="list-style-type: none"><li data-bbox="415 423 1025 463">● Pass-Through Entity Tax (PTET)</li><li data-bbox="415 467 1141 506">● Income Tax Return Filing Requirements</li><li data-bbox="415 511 807 550">● Composite Returns</li></ul>
August 14	Iowa Dept of Revenue Legislative Update



Department of Revenue

**Thank you!**