

**Order 2022-02, Granting Filing Extension for Short-Year Composite Returns under Iowa Code section 422.21(1)**

**I. Extension Through May 1, 2023, for Filing Short-Year Composite Returns**

For tax years beginning on or after January 1, 2022, pass-through entities (i.e. partnerships, S corporations, estates, and trusts) with nonresident members are required to file a composite return and pay tax on behalf of their nonresident members pursuant to new Iowa Code section 422.16B recently enacted by the Iowa legislature. A pass-through entity that is required to file an Iowa composite return must file the composite return by the due date of the pass-through entity's Iowa income return, including extensions.

Under Iowa Code section 422.21(1), returns covering a period of less than twelve months (i.e. short-year returns) are due forty-five days after the due date of the corresponding federal tax return. Pass-through entities with a short-year income return due date as described above will have the same due date for their short-year composite return, if a short-year composite return is required to be filed. As of the date of this Order, the Iowa Department of Revenue has not published the new composite return.

Iowa Code section 422.21(1) gives the Director of the Department of Revenue ("Director") the authority to allow further time for filing returns "[i]n case of sickness, absence, or other disability, or if good cause exists . . . ." The Director finds that good cause exists to extend the filing deadline for composite returns for pass-through entities with a short tax year beginning and ending in calendar year 2022 because the composite return form is currently unavailable. Therefore, pass-through entities with a short tax year beginning and ending in calendar year 2022 that are required to file a composite return under Iowa Code section 422.16B are hereby granted an extension through May 1, 2023, to file their 2022 composite returns without incurring a penalty for failure to timely file.

This extension does not apply to the pass-through entity's requirement to pay any composite tax due by the original due date of the return.

Issued at Des Moines, Iowa on this 28 day of June, 2022.

IOWA DEPARTMENT OF REVENUE

By



Kraig Paulsen, Director