

**701—250.18(321) Business entity to business entity transfers with the same ownership and purpose.**

Transactions between two business entities may be exempted from the fee for new registration if certain criteria are met, as described in Iowa Code section 321.105A(2)“c”(3).

EXAMPLE A: Person F owns and operates a family farm with Person F’s spouse as a sole proprietorship and wants to transfer assets (including a vehicle subject to registration) from Person F’s personal name into a corporation (of which Person F and Person F’s spouse are the sole shareholders). Person F filed articles of incorporation earlier this year with the secretary of state and intends to use the corporation to continue to operate Person F’s family farm, the same purpose as the sole proprietorship. This transaction is eligible for the exemption described in Iowa Code section 321.105A(2)“c”(3) because the vehicle is being transferred from an eligible business type (sole proprietorship) to a corporation, with the ownership of the businesses being the same and the transaction occurring within two years of the corporation being formed, and the newly formed corporation was formed for the purpose of continuing the family farm business.

EXAMPLE B: Person G wants to start a construction business. Person G currently does not operate any business. Person G files articles of incorporation and wants to transfer a truck from Person G’s personal name into the corporation. This transaction is not eligible for the exemption described in Iowa Code section 321.105A(2)“c”(3) because the purpose of the corporation is not to continue an existing eligible business.

EXAMPLE C: Person H operates a delivery business as a sole proprietorship and wants to expand. Person H gets together with two investors and files articles of incorporation with all three partners as shareholders and wants to transfer a van into the corporation. This transaction is not eligible for the exemption described in Iowa Code section 321.105A(2)“c”(3) because the ownership of the corporation is not the same as the sole proprietorship, since all of the stock of the corporation is not owned by Person H.

This rule is intended to implement Iowa Code section 321.105A as amended by 2021 Iowa Acts, Senate File 366.

[ARC 5911C, IAB 9/22/21, effective 10/27/21; ARC 6508C, IAB 9/7/22, effective 10/12/22]