

701—201.10(423) Substantially delinquent tax—denial of permit.**201.10(1) Substantial delinquency of tax.**

a. Applicant identity. The department may deny a permit to any applicant who is, at the time of application, substantially delinquent in paying any tax due which is administered by the department or the interest or penalty on the tax. If the applicant is a partnership, a permit may be denied if a partner is substantially delinquent in paying any tax, penalty, or interest regardless of whether the tax is in any way a liability of or associated with the partnership. If an applicant for a permit is a corporation, the department may deny the applicant a permit if any officer with a substantial legal or equitable interest in the ownership of the corporation owes any delinquent tax, penalty, or interest of the applicant corporation. In this latter instance, the corporation must initially owe the delinquent tax, penalty, or interest and the officer must be personally and secondarily liable for the tax. This is in contrast to the situation regarding a partnership.

b. Tax administered by the department. The local option sales tax is a tax administered by the department. Local vehicle; property, whether imposed on centrally assessed property or not; beer and liquor; and insurance premium taxes are nonexclusive examples of taxes which are not administered by the department.

201.10(2) Substantial delinquency factors. The amount of tax delinquent, the number of filing periods for which a tax remains due and unpaid, and the length of time a tax has been unpaid are the principal, but nonexclusive circumstances, that the department will use to determine whether an applicant is substantially or insubstantially delinquent in paying a tax. The department may deny a permit for substantial delinquency. Nonexclusive factors that the department will consider in determining whether substantial delinquency will or will not result in the denial of an application for a permit are the following: whether the delinquency was inadvertent, negligent, or intentional; the amount of tax, interest, or penalty owed in relation to the applicant's total financial resources; and whether the applicant's business is likely to survive over the long term if a license or permit is granted.

201.10(3) Child support noncompliance. The department will deny a permit to any applicant, who is an individual, if the department has received a certificate of noncompliance from the child support recovery unit in regard to the individual, until the unit furnishes the department with a withdrawal of the certificate of noncompliance.

This rule is intended to implement Iowa Code section 423.36.

[ARC 6398C, IAB 7/13/22, effective 7/1/22]