

701—202.5(423) Consolidated returns. Two types of permit holders have the option of filing a consolidated return. The first is a permit holder with multiple locations from which taxable sales are made, and the second is certain affiliated corporations.

202.5(1) Permit holders with multiple locations.

a. Permit holder option. A permit holder procuring more than one permit may file a separate return for each permit or, if a request to consolidate has been approved by the department pursuant to this rule, the permit holder may file one consolidated return reporting sales made at all locations for which a permit is held.

b. Filing a consolidated return.

(1) In order to file a complete consolidated sales tax return, the taxpayer must file a form entitled Schedule of Consolidated Business Locations with its sales and use tax return, and the schedule must include all of the following items:

1. The taxpayer's consolidated permit number;
2. The permit number for each Iowa location;
3. The amount of state sales tax by business location; and
4. The amount of state sales tax due on goods consumed that are not assigned to a specific business location.

(2) Failure by the taxpayer to file a Schedule of Consolidated Business Locations form with its sales and use tax return will result in the consideration of the return as incomplete, and the taxpayer will be subject to the penalty provisions set forth in Iowa Code section 421.27.

202.5(2) Affiliated corporations.

a. Application by affiliate group. Any group consisting of a parent and its affiliates, which is entitled to file a consolidated return for federal income tax purposes and which makes retail sales of tangible personal property, specified digital products, or taxable services, may make application to the director for permission to file a consolidated Iowa sales tax return. The application shall be in writing and shall be signed by an officer of the parent corporation. It shall contain the business name, address, federal identification number, and Iowa sales tax identification number of every corporation seeking the right to file a consolidated return. The application shall state the initial tax period for which the right to file a consolidated return is sought and shall be filed no later than 90 days prior to the beginning of that period. The application shall also contain any additional relevant information that the director may, in individual instances, require.

b. Joint and several liability. A parent corporation and each affiliate corporation that file a consolidated return are jointly and severally liable for all tax, penalty, and interest found due for the tax period for which a consolidated return is filed or required to be filed.

202.5(3) Requirements common to returns filed under this rule. The following provisions apply to permit holders filing consolidated returns pursuant to either subrule 202.5(1) or 202.5(2):

a. Proper form. Taxpayers shall file consolidated returns through GovConnectIowa.

b. Working papers. All working papers used in the preparation of the information required to complete the returns must be available for examination by the department.

c. Offsetting collections among affiliates. Undercollections of sales tax at one or more locations or by one or more affiliates may not be offset by overcollections at other locations or by other affiliates.

This rule is intended to implement Iowa Code section 423.31.

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