

701—51.1 (422) Definitions.

51.1(1) When the word “department” appears herein, it refers to and is synonymous with the “Iowa Department of Revenue”; the word “director” is the “Director of Revenue” or the director’s authorized assistants and employees; the word “tax” is the “corporation income tax”; and the word “return” is the “corporation income tax return.”

The administration of the corporation income tax is a responsibility of the department. The department is charged with the administration of the corporation income tax, subject always to the rules, regulations and direction of the director.

51.1(2) The term “corporation” as used in divisions II and III of Iowa Code chapter 422 and in these rules includes not only corporations which have been created or organized under the laws of Iowa, but also those which are qualified to do, or are doing business in Iowa, in a corporate or organized capacity, by virtue of creation or organization under the laws of the United States or some state, territory or district or of a foreign country. The term “corporation” is not limited to the artificial entity usually known as a corporation, but includes also an association, a trust classed as an association because of its nature or its activities, a joint stock company, and certain kinds of partnerships. Any association or organization which is required to report as a corporation, for federal income tax purposes under the Internal Revenue Code, as amended, shall be considered to be a corporation for the purposes of Iowa income tax on corporations. For tax years beginning on or after January 1, 1987, the term “corporation” includes publicly traded partnerships which are taxed as corporations under the Internal Revenue Code. For tax years beginning on or after July 1, 1994, the term corporation includes limited liability companies taxed as corporations under the Internal Revenue Code. For tax years beginning on or after January 1, 1997, the term “corporation” includes partnerships taxed as corporations under the Internal Revenue Code.

51.1(3) The term “association” is not used in the law in any narrow or technical sense. It includes any organization created for the transaction of designated affairs, or the attainment of some object, which like a corporation continues notwithstanding that its members or participants change, and the affairs of which, like corporate affairs, are conducted by a single individual, a committee, a board, or some other group, acting in a representative capacity. It is immaterial whether such organization is created by an agreement, a declaration of trust, a statute, or otherwise. It includes a voluntary association, a joint stock association or company, a business trust, a Massachusetts trust, a common law trust, a partnership association, and any other type of organization, by whatever name known, which is not, within the meaning of the law, a trust or an estate, or a partnership. An investment trust of the type commonly known as a management trust is an association, and a trust of the type commonly known as a fixed investment trust, is an association if there is power under the trust agreement to vary the investment of the certificate holders. If the conduct of the affairs of a corporation continues after the expiration of its charter, or the termination of its existence, it becomes an association.

51.1(4) The term “Internal Revenue Code” means the Internal Revenue Code of 1954 prior to the date of its redesignation as the Internal Revenue Code of 1986 or the Internal Revenue Code of 1986, whichever is applicable.

51.1(5) The terms “consolidation” and “corporate merger” have the following meaning in regard to corporate reorganizations. A “consolidation” is unification of two or more constituent corporations into a single newly existing corporation in which the new corporation takes over assets and assumes liabilities of constituent corporations which pass out of existence; a “corporate merger” is distinguished by continuing existence of one of the constituent corporations into which other corporations are merged. *Handley v. Wyandotte Chemicals Corp.*, 352 N.W.2d 447, 450, 118 Mich. App. 423.

This rule is intended to implement Iowa Code section 422.32 as amended by 1997 Iowa Acts, House File 266.