

LICENSING AND OPERATING YOUR BUSINESS IN IOWA

IOWA
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A One-Stop Source For Business Owners

► GIVE YOUR NEW OR EXPANDING IOWA BUSINESS A BIG HEAD START

It is both challenging and exciting to get a business up and running. The Iowa Department of Economic Development (IDED) has developed this information to assist you in understanding compliance requirements which may apply to your business, such as registration, licensing and reporting obligations.

Business License Information Center

The IDED Web site hosts the online Business License Information Center (BLIC) which provides 24/7 access and comprehensive information on compliance requirements for doing business in Iowa. BLIC also provides convenient, effective and timely information on license, permits, and registrations required by the state of Iowa for businesses and occupations. Users may access assistance by license type, keyword, or the business wizard. Many useful factsheets and guides are available at BLIC. Visit <https://blic.iowa.gov> or call toll-free 800.532.1216.

Business Planning

To launch a successful business you need a sound plan for success. Contact the Iowa Small Business Development Centers at www.iowasbdc.org for help in developing your business plan.

Legal Structure

Determining the form of legal ownership that makes sense for your business is an important first step.

The Iowa Secretary of State's "Guide to Iowa's Most Commonly Used Business Organizations" defines Iowa's most frequently used business structures. Visit www.sos.state.ia.us/business/handbookintro.html for more information.

Corporations, limited partnerships, limited liability companies, nonprofits, trademarks or service marks should be registered with the Iowa Secretary of State. Visit www.sos.state.ia.us/business/index.html to register a service mark or trademark and to access a copy of the business organization guide.

If you choose to structure your business as a sole proprietor, register with your local County Recorder. Visit www.iowacounties.org/Publications.htm for a directory of county officials.

State Tax Requirements for Business

Another important step is to find out what tax-related responsibilities need to be considered.

Iowa Business Tax Registration

This is a combined business application form available from the Iowa Department of Revenue, where you can register online for one or more of the following: sales or use tax, automobile rental tax, withholding tax and corporation or partnership income tax. Visit www.state.ia.us/tax/business/business.html for more information.

Sales / Use Tax Permit

Retailers that make taxable sales in Iowa will be required to hold a sales or use tax permit. This includes retailers that are Iowa based and retailers making taxable sales from an out-of-state location. Visit www.state.ia.us/tax/business/business.html for more information.

Tax Assistance Resources

For assistance with business income tax questions you may contact an Iowa Department of Revenue tax specialist at idr@iowa.gov or call 515.281.3114 or toll-free at 800.367.3388.

Tax Classes

The Iowa Department of Revenue offers Iowa tax classes to help you better understand tax issues affecting your business. These classes are available for a small fee and are available across Iowa. Visit www.state.ia.us/tax/educate/regionsmap.html for more information or to find an instructor in your area.

Visit www.state.ia.us/tax/educate/educate.html for more information on tax requirements and to access helpful and educational Iowa tax publications.



Employer Registrations and Reporting Requirements

If your business will have one or more employees, understanding your registration and reporting requirements for staffing is important before selecting your first new hire.

Complete the following as you hire employees:

- **Federal Employer Identification Numbers (FEIN)** – This is required for all businesses with employees, including sole proprietorships. Visit www.irs.gov to establish your FEIN or for more information.
- **Iowa Business Tax Registration** – Register with the Iowa Department of Revenue as a withholding agent for the purpose of withholding Iowa income tax on compensation paid in Iowa. Visit www.state.ia.us/tax/business/business.html for more information.
- **Iowa Unemployment Insurance Account** – Contact Iowa Workforce Development to establish an unemployment insurance account which is required for reporting of wages for unemployment insurance purposes. Visit www.iowaworkforce.org/ui for more information.
- **Workers Compensation** – Most employers in Iowa are required to purchase worker's compensation insurance. Visit www.iowaworkforce.org/wc/faq.htm for more information.

Forms Completed Upon Hiring of Employees

After you hire an employee, the following forms will need to be completed:

- **Federal W-4** – The employee will complete the federal W-4 which is a federal form used by the employer to withhold federal income tax from an employee's pay. Visit www.irs.gov for more information.
- **Iowa W-4** – The employee will complete the Iowa W-4 which is used by the employer to withhold state income tax from an employee's pay. Visit www.state.ia.us/tax/business/business.html for more information.
- **Iowa Centralized Registry Reporting Form** – This form must be completed by the employer within 15 days to report newly hired, rehired or terminated employees (including some subcontractors). The employer will send the reporting form (top portion of the Iowa W-4) to the Iowa Department of Human Services. This can be completed online. Visit www.iowachildsupport.gov for more information.

- **Employment Eligibility Verification (Federal Form I-9)** – Both the employer and employee will complete the federal I-9 form. All U.S. businesses are responsible for completing and retaining this form for each individual hired for employment in the U.S., including citizens and non-citizens. Visit www.uscis.gov/portal/site/uscis for more information.
- **Federal W-2** – This form is used to report employee wage and tax benefits. Visit www.irs.gov/pub/irs-pdf/fw2.pdf for a sample of this form.

For a brief overview on these requirements visit the Iowa Department of Revenue at www.state.ia.us/tax/business/newbus.html.

Workplace and Workforce Requirements

State and federal legislation requires that certain procedures are followed to protect both the employer and employee in the workplace. The following information will assist you in maintaining a safe and productive business environment.

Employee vs. Independent Contractor

Be sure to properly classify your workers as employees or independent contractors and provide unemployment insurance and workers compensation coverage for employees as required. Misclassifying workers can lead to significant penalties. In general, a worker is an employee if the business/ employer has the right to direct and control the work performed. For more information on properly classifying workers as employees rather than independent contractors, visit www.iowaworkforce.org/misclassification/ or call 515.281.5837 or toll-free 1.800.562.4692.

Contractor Registration

Construction contractors who earn at least \$2,000 a year must be registered with the Iowa Division of Labor, and pay a \$50 registration fee every year. For more information on who is required to register visit www.iowaworkforce.org/labor/contractor.htm or call 1.800.562.4692.

Required Postings in the Workplace

Employers are required by both federal and state law to prominently display certain posters in the workplace. Visit www.iowaworks.org/reqposters.htm to find the required and recommended postings.



Child Support

Federal and state child support laws require employers to report newly hired or rehired employees within fifteen days. (This may also include certain subcontractors). This ensures timely child support and medical insurance coverage is in place. Visit www.iowachildsupport.gov or call the Iowa Child Support Recovery Unit at 877.274.2580 for more information.

Youth Employment

The hours and occupations that youth are allowed to work are limited by both state law and federal laws. Employers hiring people under age 16 must keep a work permit on file and accessible. To learn more on state youth employment restrictions and laws, visit www.iowaworkforce.org/labor/childlabor.htm or call 515.281.6374.

For more information on federal child labor laws, visit the U.S. Department of Labor, Wage and Hour Office at www.youthrules.dol.gov/index.htm or call 515.284.4624.

Unemployment Insurance

Unemployment insurance replaces part of the income workers lose when they become unemployed through no fault of their own. Employers are required to report wages and pay unemployment insurance taxes if they meet established classifications retroactive to January 1 of any year in which the conditions occur. To learn more about these classifications and how they apply to your workforce unemployment insurance requirements, visit www.iowaworkforce.org/ui/index.html or call 515.281.5339.

Workers' Compensation Insurance

Employers in Iowa are required to purchase workers' compensation liability insurance to cover employees injured due to work-related activities. This can be purchased through most property and casualty insurance agents. For more information on workers' compensation insurance, visit the Iowa Workforce Development's (IWD) Division of Workers' Compensation at www.iowaworkforce.org/wc/index.html or call 800.562.4692.

Minimum Wage Laws

Employees in Iowa who are covered by the federal and state minimum wage law must be paid at least \$7.25 per hour. Allowable deductions from wages include taxes, garnishments, and benefits accruing to the employee such as insurance, 401k, pensions, and savings programs. For more information on Iowa's wage laws, please visit www.iowaworkforce.org/labor/wage.htm or call 515.281.3606. Questions concerning federal wage laws should be directed to the U.S. Department of Labor, Federal Wage and Hour Office at 515.284.4625.

Occupational Safety and Health (OSHA)

Employers are required under federal and state laws to provide a workplace free from recognized hazards. Employers can learn how to improve their occupational safety and health management systems from the Iowa Workforce Development (IWD) Consultation and Education Bureau. Well-trained staff can provide at no cost a confidential consultation. For assistance visit www.iowaworkforce.org/labor/iosh/consultation/index.htm or call 515.281.7629.

Equal Employment Opportunity

State requirements: The Iowa Civil Rights Commission's primary duty is to enforce state law that prohibits discrimination in employment, public accommodations, housing, education and credit. State law provides that no one can be discriminated against in employment due to age, race, color, creed, national origin, religion, sex, pregnancy, sexual orientation, gender identity, or physical or mental disability. To learn more visit www.state.ia.us/government/crc or call 800.457.4416.

Federal Requirements: Federal legislation provides that no one can be discriminated in employment due to race, color, religion, age, sex, national origin or mental or physical disability. The federal Equal Employment Opportunity Commission enforces these laws. For more information, visit www.eeoc.gov or call 800.669.4000.

200 East Grand Avenue
Des Moines, Iowa 50309-1819 U.S.A.

International: +1.515.725.3100
Domestic: 1.800.245.4692

Family Medical Leave Act (FMLA)

The FMLA provides certain employees with up to 12 weeks of unpaid, job-protected leave a year. It also requires group health benefits to be maintained during the leave. See the U.S. Department of Labor compliance assistance site for more information at: www.dol.gov or call 866.4USA.DOL.

Access for Persons with Disabilities

Both the Iowa Civil Rights Act and the Americans with Disability Act (ADA) require businesses to make their businesses and services accessible to persons with disabilities. For assistance with ADA requirements, visit www.dol.gov/dol/topic/index.htm or call 866.4USA.DOL.

Accessibility Requirements

The Building Code Commissioner adopts requirements for accessibility to persons with disabilities of buildings and facilities available to the public. These requirements, which are included in the State Building Code, are based upon the federal Americans with Disabilities Act Accessibility Guidelines (ADAAG) and federal Fair Housing Act. Additional requirements may be established by local jurisdictions. Visit www.dps.state.ia.us/fm/building/accessibility/index.shtml for more information on the federal ADAAG.

Start Your Business With A Competitive Edge

IDED is available to provide you with the information and assistance you need on vital issues including licensing requirements, environmental and regulatory issues — all in an effort to help you grow your Iowa business. As with all important business decisions, it is recommended that one consult an attorney or business advisor to ensure full compliance with local, state and federal license and permit requirements.

Regulatory Assistance

Regulatory & Environmental Assistance is available at <http://regassist.iowa.gov> for permitting and regulatory compliance, communicating with regulatory agencies, and resources for technical assistance.

Business Acceleration

Accelerating Business Growth — New business accelerators were created to foster the growth of new businesses through technical assistance and mentoring to Iowa companies with staff experienced in legal, accounting, and marketing disciplines. Visit www.iowalifechanging.com/business/business_growth.html for more information on Iowa's Business Accelerators.

Finding and Training Employees

For assistance in finding qualified employees for your business staffing contact Iowa Workforce Development (IWD) Job Placement Services. Online and personalized assistance is available at no-cost. Visit www.iowaworks.org to learn more.

Employee Training Programs abound to assist with your most critical asset to the success of your business. Visit www.iowalifechanging.com/business/employee_training.aspx for more information on unique employee training programs.

Iowa Department of Economic Development (IDED)

Web site: www.iowalifechanging.com

Business License Information Center

Web site: <https://blic.iowa.gov>

Phone: 800.532.1216

Iowa Department of Revenue (IDR)

Web site: www.iowa.gov/tax

Phone: 800.367.3388 or 515.281.3114

Federal Internal Revenue (IRS)

Web site: www.irs.gov

Phone: 800.829.1040

Iowa Workforce Development (IWD)

Web site: www.iowaworkforce.org

Phone: 800.562.4692

Iowa Secretary of State

Web site: www.sos.state.ia.us

Phone: 515.281.5204 (Business Services)

The Iowa Department of Economic Development (IDED) offers a variety of programs and services to individuals, communities and companies designed to attract and grow business and workforce and enhance Iowa's quality of life through sustainable community development. Please visit www.iowalifechanging.com for a complete listing of available assistance and resources.