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# 2021 Recorders ISAC Fall Conference: Department of Revenue Updates

Jon Wolfe • 08.26.2021

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# Overview

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# Sale Price

## Iowa Code 423.1(51)(a)

“Sale price” means the total amount of consideration for which personal property or services are sold, leased, or rented.

"Consideration" includes cash, credit, debt, property, and services.

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# Exemptions: Tax Paid to Another State

## Iowa Administrative Code 701–30.7

There is an exemption from Iowa use tax for sales, use, or occupational tax paid by the purchaser to another state on tangible personal property brought into Iowa.

If the amount paid to the other state is less than the amount that would have been due to Iowa, the difference is due to Iowa.

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# Exemptions: Tax Paid to Another State

## Example A

A boat is purchased in Minnesota for \$10,000 and the purchaser pays a 7 percent sales tax of \$700 to Minnesota. The purchaser brings the boat into Iowa to register for use in Iowa. This is how Iowa use tax would be calculated:

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# Exemptions: Tax Paid to Another State

## Example A

Sale Price of \$10,000 x 6% Iowa use tax rate = \$600

Minnesota Sales tax paid: \$700

Iowa use tax due:  $\$600 - \$700 = -\$100 = \$0$

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# Exemptions: Tax Paid to Another State

## Example B

A boat is purchased in Wisconsin for \$10,000 and the purchaser pays a 5 percent sales tax of \$500 to Wisconsin. The purchaser brings the boat into Iowa to register for use in Iowa. This is how Iowa use tax would be calculated:

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# Exemptions: Tax Paid to Another State

## Example B

Sale Price of \$10,000 x 6% Iowa use tax rate = \$600

Wisconsin Sales tax paid: \$500

Iowa use tax due: \$600-\$500=\$100

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# Exemptions: Casual Sale

## Iowa Code 423.3(39)

Exemption for peer to peer non-retail sales.

The casual sale exemption does NOT apply to all-terrain vehicles, snowmobiles, off-road motorcycles, off-road utility vehicles, aircraft, or commercial or pleasure watercraft or water vessels.

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# Exemptions: Boat Motors

## Example A

A boat and motor are purchased as a package from a private seller (not a retailer). The purchaser presents a bill of sale showing a total of \$5,000 paid for the package with itemized amounts of \$4,000 for the boat and \$1,000 for the motor.

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# Exemptions: Boat Motors

## Example A

Sales tax is due on the sale price of the boat of \$4,000. The sale price of the boat motor of \$1,000 is exempt under the casual sale exemption because it was itemized separately from the boat.

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# Exemptions: Boat Motors

## Example B

A boat and motor are purchased as a package from a private seller (not a retailer). The purchaser presents a bill of sale showing a total of \$10,000 paid for the package.

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# Exemptions: Boat Motors

## Example B

Sales tax is due on the sale price of the package of \$10,000. Because the bill of sale is itemized, we can't tell how much was for the boat and how much was for the motor. The burden is on the purchaser to show how much was paid for the boat, and how much was paid for the motor.

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# Exemptions: Form

## Iowa Sales/Use/Excise Tax Exemption Certificate

<https://tax.iowa.gov/sites/default/files/2019-08/IowaSalesTaxExemptionCertificate%2831014%29.pdf>

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# Penalties

## Iowa Code 423.40(3)

A person who willfully attempts in any manner to evade any tax imposed by this chapter or the payment of the tax or a person who makes or causes to be made a false or fraudulent semimonthly or monthly tax deposit form or return with intent to evade any tax imposed by subchapter II or III or the payment of the tax is guilty of a class “D” felony.

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# Recorders Monthly Report

## Software Implementation November 2021

The Department of Revenue is going live with a new software implementation in November 2021 that will provide the ability to electronically file the recorders monthly report and make electronic payments.

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# Questions & Contacts

Questions? Contact:

[IDRLocalGov@iowa.gov](mailto:IDRLocalGov@iowa.gov)

Barb Lewison | [barbara.lewison@iowa.gov](mailto:barbara.lewison@iowa.gov) | (515) 314-5936

Adam Floyd | [adam.floyd@iowa.gov](mailto:adam.floyd@iowa.gov) | (515) 601-4229

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