

CHAPTER 423D

EQUIPMENT TAX

Referred to in §29C.24

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423D.1 Definitions.

1. For the purposes of [this chapter](#), unless the context otherwise requires:
 - a. “Construction” means new construction, reconstruction, alterations, expansion, or remodeling of real property or structures.
 - b. “Contractor” includes contractors, subcontractors, and builders, but not owners.
 - c. “Department” means the department of revenue.
 - d. “Equipment” means self-propelled building equipment, pile drivers, and motorized scaffolding, including auxiliary attachments which improve the performance, safety, operation, or efficiency of the equipment, and replacement parts and are directly and primarily used by contractors, subcontractors, and builders for new construction, reconstruction, alterations, expansion, or remodeling of real property or structures.
 - e. “Sales price” or “purchase price” means the same as the term is defined in [section 423.1](#).
2. All other words and phrases used in [this chapter](#) and defined in [section 423.1](#) have the meaning given them by [section 423.1](#) for the purposes of [this chapter](#).
[2005 Acts, ch 140, §33; 2011 Acts, ch 25, §143](#)

423D.2 Tax imposed.

A tax of five percent is imposed on the sales price or purchase price of all equipment sold or used in the state of Iowa. This tax shall be collected and paid over to the department by any retailer, retailer maintaining a place of business in this state, or user who would be responsible for collection and payment of the tax if it were a sales or use tax imposed under [chapter 423](#).

[2005 Acts, ch 140, §34](#)

423D.3 Exemptions.

There is exempted from tax imposed by [this chapter](#) the following:

1. The sales price on the lease or rental of equipment to contractors for direct and primary use in construction.
2. The sales price or purchase price of equipment exempt from the equipment tax as provided in [section 29C.24](#).

[2005 Acts, ch 140, §35; 2008 Acts, ch 1184, §60; 2014 Acts, ch 1093, §24 – 26; 2016 Acts, ch 1095, §12, 14](#)

2014 amendment takes effect April 10, 2014, and applies retroactively to July 1, 2008, for all sales or uses of equipment on or after that date; [2014 Acts, ch 1093, §25, 26](#)

423D.4 Administration by director.

1. The director of revenue shall administer the excise tax on the sale and use of equipment as nearly as possible in conjunction with the administration of the state sales and use tax law, except that portion of the law which implements the streamlined sales and use tax agreement. The director shall provide appropriate forms, or provide on the regular state tax forms, for reporting the sale and use of equipment excise tax liability. All moneys received and all refunds shall be deposited in or withdrawn from the general fund of the state.

2. The director may require all persons who are engaged in the business of deriving any sales price or purchase price subject to tax under [this chapter](#) to register with the department. The director may also require a tax permit applicable only to [this chapter](#) for any retailer not collecting, or any user not paying, taxes under [chapter 423](#).

3. [Section 422.25, subsection 4, sections 422.30, 422.67, and 422.68, section 422.69, subsection 1, sections 422.70, 422.71, 422.72, 422.74, and 422.75, section 423.14, subsection 1, and sections 423.23, 423.24, 423.25, 423.31 through 423.35, 423.37 through 423.42,](#)

and 423.47, consistent with the provisions of [this chapter](#), apply with respect to the tax authorized under [this chapter](#), in the same manner and with the same effect as if the excise taxes on equipment sales or use were retail sales taxes within the meaning of those statutes. Notwithstanding [this subsection](#), the director shall provide for quarterly filing of returns and for other than quarterly filing of returns both as prescribed in [section 423.31](#). All taxes collected under [this chapter](#) by a retailer or any user are deemed to be held in trust for the state of Iowa.

[2005 Acts, ch 140, §36](#); [2007 Acts, ch 126, §71](#); [2015 Acts, ch 29, §57](#)