

423.5 Imposition of tax.

1. Except as provided in paragraph “c”, an excise tax at the rate of six percent of the purchase price or installed purchase price is imposed on the following:

a. The use in this state of tangible personal property as defined in [section 423.1](#), including aircraft subject to registration under [section 328.20](#), purchased for use in this state. For the purposes of [this subchapter](#), the furnishing or use of the following services is also treated as the use of tangible personal property: optional service or warranty contracts, except residential service contracts regulated under [chapter 523C](#), vulcanizing, recapping, or retreading services, engraving, printing, or binding services, and communication service when furnished or delivered to consumers or users within this state.

b. The use of manufactured housing in this state, on the purchase price if the manufactured housing is sold in the form of tangible personal property or on the installed purchase price if the manufactured housing is sold in the form of realty.

c. An excise tax at the rate of five percent is imposed on the use of vehicles subject only to the issuance of a certificate of title and the use of manufactured housing, and on the use of leased vehicles, if the lease transaction does not require titling or registration of the vehicle, on the amount subject to tax as calculated pursuant to [section 423.26, subsection 2](#).

d. Purchases of tangible personal property or specified digital products made from the government of the United States or any of its agencies by ultimate consumers shall be subject to the tax imposed by [this section](#). Services purchased from the same source or sources shall be subject to the service tax imposed by [this subchapter](#) and apply to the user of the services.

e. The use in this state of services enumerated in [section 423.2](#). This tax is applicable where the service is first used in this state.

f. (1) The use in this state of specified digital products. The tax applies whether the purchaser obtains permanent use or less than permanent use of the specified digital product, whether the use is conditioned or not conditioned upon continued payment from the purchaser, and whether the use is on a subscription basis or is not on a subscription basis.

(2) The use of a digital code that may be used to obtain or access a specified digital product shall be taxed in the same manner as the specified digital product. For purposes of this subparagraph, “digital code” means the same as defined in [section 423.2, subsection 10](#).

2. The excise tax is imposed upon every person using the property within this state until the tax has been paid directly to the county treasurer, the state department of transportation, a retailer, or the department. This tax is imposed on every person using the services or the product of the services in this state until the user has paid the tax either to an Iowa use tax permit holder or to the department.

3. For the purpose of the proper administration of the use tax and to prevent its evasion, evidence that tangible personal property or specified digital products were sold by any person for delivery in this state shall be prima facie evidence that such tangible personal property or specified digital products were sold for use in this state.

4. The use tax rate of six percent is reduced to five percent on January 1, 2030.

[2003 Acts, 1st Ex, ch 2, §98, 205; 2005 Acts, ch 140, §47; 2008 Acts, ch 1113, §112, 124, 129; 2008 Acts, ch 1134, §11, 13; 2008 Acts, ch 1191, §87; 2010 Acts, ch 1145, §10, 17; 2011 Acts, ch 92, §7; 2013 Acts, ch 30, §94; 2018 Acts, ch 1161, §195 – 199, 229, 231](#)

Referred to in [§29C.15, 328.26, 423.2, 423.14, 423.14A, 423C.3](#)

2018 amendment to subsection 1, paragraph d, effective January 1, 2019; 2018 Acts, ch 1161, §229

Subsection 1, paragraph f, effective January 1, 2019; 2018 Acts, ch 1161, §229

2018 amendment to subsection 3 and strike of subsection 4 effective January 1, 2019; 2018 Acts, ch 1161, §229

Subsection 1, paragraphs a and d amended

Subsection 1, NEW paragraph f

Subsection 3 amended

Subsection 4 stricken and former subsection 5 renumbered as 4