423C.3 Tax on rental of automobiles — collection and remittance of tax.

1. For purposes of this section:

a. *"Discount rental charge"* means the amount an automobile provider charges to a rental facilitator for the rental of an automobile, excluding any applicable tax.

b. *"Travel package"* means an automobile rental bundled with one or more separate components such as lodging, air transportation, or similar items and charged for a single retail price.

2. A tax of five percent is imposed upon the rental price of an automobile if the rental transaction is subject to the sales and services tax under chapter 423, subchapter II, or the use tax under chapter 423, subchapter III. The tax shall not be imposed on any rental transaction not taxable under the state sales and services tax, as provided in section 423.3, or the state use tax, as provided in section 423.6, on automobile rental receipts.

3. This subsection shall govern the collection and remittance of the tax imposed under subsection 2.

a. Unless otherwise provided in this subsection, the automobile provider shall collect the tax by adding the tax to the rental price of the automobile and the tax, when collected, shall be stated as a distinct item separate and apart from the rental price of the automobile and the sales and services tax imposed under chapter 423, subchapter II, or the use tax imposed under chapter 423, subchapter III.

b. If a transaction for the rental of an automobile involves a rental facilitator, all of the following shall occur in the order prescribed:

(1) The rental facilitator shall collect the tax on any rental price that the user pays to the rental facilitator in the same manner as an automobile provider under paragraph *"a"*.

(2) (a) Unless otherwise required by rule or order of the department, the rental facilitator shall remit to the automobile provider that portion of the tax collected on the rental price that represents the discount rental charge.

(b) No assessment shall be made against a rental facilitator for tax due on a discount rental charge if the rental facilitator collected the tax and remitted it to an automobile provider that has a valid tax permit required under this chapter or under chapter 423. This subparagraph division shall not apply if the rental facilitator and automobile provider are affiliates, or if the department requires the rental facilitator to remit taxes collected on that portion of the sales price that represents the discount rental charge directly to the department.

(3) The rental facilitator shall remit any remaining tax it collected to the department.

(4) (a) The automobile provider shall collect and remit to the department any taxes the rental facilitator remitted to the automobile provider, and shall collect and remit to the department any taxes due on any amount of rental price the user paid to the automobile provider.

(b) No assessment shall be made against an automobile provider for any tax due on a discount rental charge that was not remitted to the automobile provider by a rental facilitator. This subparagraph division shall not apply if the automobile provider and the rental facilitator are affiliates.

(5) Notwithstanding any other provision of this paragraph to the contrary, if a rental facilitator and its affiliates facilitate total rentals under this chapter and chapter 423A that are equal to or less than an aggregate amount of rental price and sales price of ten thousand dollars for an immediately preceding calendar year or a current calendar year, or in ten or fewer separate transactions for an immediately preceding calendar year or a current calendar year, the rental facilitator shall not be required to collect tax on the amount of sales price that represents the rental facilitator's facilitation fee.

c. (1) If a transaction for the rental of an automobile involves a rental platform, other than a rental platform described in subparagraph (2), the rental platform shall collect and remit the tax imposed under this chapter in the same manner as an automobile provider under paragraph *"a"*.

(2) A rental platform is not required to collect and remit the tax imposed under this chapter in the same manner as an automobile provider under paragraph *"a"* if the rental platform meets all of the following requirements:

(a) The only sales the rental platform and its affiliates facilitate that are subject to tax

under chapter 423 are sales of a transportation service under section 423.2, subsection 6, paragraph *"bf"*, or section 423.5, subsection 1, paragraph *"e"*, consisting of the rental of vehicles subject to registration which are registered for a gross weight of thirteen tons or less for a period of sixty days or less.

(b) The rental platform operates a peer-to-peer automobile sharing marketplace.

(3) For any rental transaction for which the rental platform is required to or elects to collect and remit the tax under this chapter, the rental platform shall also be liable for the collection and remittance of any sales or use tax due on that transaction under section 423.2, subsection 6, paragraph *"bf"*, or section 423.5, subsection 1, paragraph *"e"*, notwithstanding any other provision to the contrary in chapter 423.

(4) For any rental transaction for which the rental platform is not required to collect and remit the tax under this chapter as provided under subparagraph (2), the automobile provider shall be solely liable for any amount of uncollected or unremitted tax under this chapter.

92 Acts, ch 1006, §4; 92 Acts, 2nd Ex, ch 1001, §210
C93, §422C.3
2003 Acts, 1st Ex, ch 2, §190, 203, 205
C2005, §423C.3
2018 Acts, ch 1161, §253, 255
Referred to in §423.14A, 423C.4
2018 amendment effective January 1, 2019; 2018 Acts, ch 1161, §255
Section amended