

423.14A Persons required to collect sales and use tax — supplemental conditions, requirements, and responsibilities.

1. For purposes of [this section](#):

a. “*Iowa sales*” means sales of tangible personal property, services, or specified digital products sourced to this state pursuant to [section 423.15](#), [423.16](#), [423.17](#), [423.19](#), or [423.20](#), or that are otherwise sold in this state or for delivery into this state.

b. (1) “*Marketplace facilitator*” means a person, including any affiliate of the person, who facilitates a retail sale by satisfying subparagraph divisions (a) and (b) as follows:

(a) The person directly or indirectly does any of the following:

(i) Lists, makes available, or advertises tangible personal property, services, or specified digital products for sale by a marketplace seller in a marketplace owned, operated, or controlled by the person.

(ii) Facilitates the sale of a marketplace seller’s product through a marketplace by transmitting or otherwise communicating an offer or acceptance of a retail sale of tangible personal property, services, or specified digital products between a marketplace seller and a purchaser in a forum including a shop, store, booth, catalog, internet site, or similar forum.

(iii) Owns, rents, licenses, makes available, or operates any electronic or physical infrastructure or any property, process, method, copyright, trademark, or patent that connects marketplace sellers to purchasers for the purpose of making retail sales of tangible personal property, services, or specified digital products.

(iv) Provides a marketplace for making retail sales of tangible personal property, services, or specified digital products, or otherwise facilitates retail sales of tangible personal property, services, or specified digital products, regardless of ownership or control of the tangible personal property, services, or specified digital products that are the subject of the retail sale.

(v) Provides software development or research and development activities related to any activity described in this subparagraph division (a), if such software development or research and development activities are directly related to the physical or electronic marketplace provided by a marketplace provider.

(vi) Provides or offers fulfillment or storage services for a marketplace seller.

(vii) Sets prices for a marketplace seller’s sale of tangible personal property, services, or specified digital products.

(viii) Provides or offers customer service to a marketplace seller or a marketplace seller’s customers, or accepts or assists with taking orders, returns, or exchanges of tangible personal property, services, or specified digital products sold by a marketplace seller.

(ix) Brands or otherwise identifies sales as those of the marketplace facilitator.

(b) The person directly or indirectly does any of the following:

(i) Collects the sales price or purchase price of a retail sale of tangible personal property, services, or specified digital products.

(ii) Provides payment processing services for a retail sale of tangible personal property, services, or specified digital products.

(iii) Charges, collects, or otherwise receives selling fees, listing fees, referral fees, closing fees, fees for inserting or making available tangible personal property, services, or specified digital products on a marketplace, or other consideration from the facilitation of a retail sale of tangible personal property, services, or specified digital products, regardless of ownership or control of the tangible personal property, services, or specified digital products that are the subject of the retail sale.

(iv) Through terms and conditions, agreements, or arrangements with a third party, collects payment in connection with a retail sale of tangible personal property, services, or specified digital products from a purchaser and transmits that payment to the marketplace seller, regardless of whether the person collecting and transmitting such payment receives compensation or other consideration in exchange for the service.

(v) Provides a virtual currency that purchasers are allowed or required to use to purchase tangible personal property, services, or specified digital products.

(2) “*Marketplace facilitator*” includes but is not limited to a person who satisfies the

requirements of this paragraph through the ownership, operation, or control of a digital distribution service, digital distribution platform, online portal, or application store.

(3) A person who is not required to collect and remit automobile rental excise tax pursuant to [section 423C.3, subsection 3](#), shall not be considered a “*marketplace facilitator*” with respect to any sale 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.

c. “*Marketplace seller*” means any of the following:

(1) A seller that makes retail sales through any physical or electronic marketplace owned, operated, or controlled by a marketplace facilitator, even if such seller would not have been required to collect and remit sales and use tax had the sale not been made through such marketplace.

(2) A seller that makes retail sales resulting from a referral by a referrer, even if such seller would not have been required to collect and remit sales and use tax had the sale not been made through such referrer.

2. In addition to and not in lieu of any application of [this chapter](#) to sellers who are retailers and sellers who are retailers maintaining a place of business in this state, any person described in [subsection 3](#), or the person’s agents, shall be considered a retailer in this state and a retailer maintaining a place of business in this state for purposes of [this chapter](#) on or after January 1, 2019, and shall be subject to all requirements of [this chapter](#) imposed on retailers and retailers maintaining a place of business in this state, including but not limited to the requirement to collect and remit sales and use taxes pursuant to [sections 423.14 and 423.29](#), and local option taxes under [chapter 423B](#).

3. a. A retailer that has gross revenue from Iowa sales equal to or exceeding one hundred thousand dollars for an immediately preceding calendar year or a current calendar year.

b. (1) A retailer that owns, licenses, or uses software or data files that are installed or stored on property used in this state. For purposes of this subparagraph, “*software or data files*” include but are not limited to software that is affirmatively downloaded by a user, software that is downloaded as a result of the use of a website, preloaded software, and cookies.

(2) A retailer that uses in-state software to make Iowa sales. For purposes of this subparagraph, “*in-state software*” means computer software that is installed or stored on property located in this state or that is distributed within this state for the purpose of facilitating a sale by the retailer.

(3) A retailer that provides, or enters into an agreement with another person to provide, a content distribution network in this state to facilitate, accelerate, or enhance the delivery of the retailer’s internet site to purchasers. For purposes of this subparagraph, “*content distribution network*” means a system of distributed servers that deliver internet sites and other internet content to a user based on the geographic location of the user, the origin of the internet site or internet content, and a content delivery server.

(4) This paragraph “*b*” shall not apply to a retailer that has gross revenue from Iowa sales of less than one hundred thousand dollars for an immediately preceding calendar year or a current calendar year.

c. (1) A marketplace facilitator that makes or facilitates Iowa sales on its own behalf or for one or more marketplace sellers equal to or exceeding one hundred thousand dollars for an immediately preceding calendar year or a current calendar year.

(2) A marketplace facilitator shall collect sales and use tax on the entire sales price or purchase price paid by a purchaser on each Iowa sale subject to sales and use tax that is made or facilitated by the marketplace facilitator, regardless of whether the marketplace seller for whom an Iowa sale is made or facilitated has or is required to have a retail sales tax permit or would have been required to collect sales and use tax had the sale not been facilitated by the marketplace facilitator, and regardless of the amount of the sales price or purchase price that will ultimately accrue to or benefit the marketplace facilitator, the marketplace seller, or any other person. This sales and use tax collection responsibility of a marketplace facilitator

applies but shall not be limited to sales facilitated through a computer software application, commonly referred to as in-app purchases, or through another specified digital product.

(3) A marketplace facilitator shall be relieved of liability under this paragraph “c” for failure to collect and remit sales and use tax on an Iowa sale made or facilitated for a marketplace seller under the following circumstances and up to the amounts permitted under the following circumstances:

(a) If the marketplace facilitator demonstrates to the satisfaction of the department that the marketplace facilitator has made a reasonable effort to obtain accurate information from the marketplace seller about a retail sale and that the failure to collect and remit the correct tax was due to incorrect information provided to the marketplace facilitator by the marketplace seller, then the marketplace facilitator shall be relieved of liability for that retail sale. This subparagraph division does not apply with regard to a retail sale for which the marketplace facilitator is the seller or if the marketplace facilitator and the seller are affiliates. For Iowa sales for which a marketplace facilitator is relieved of liability under this subparagraph division, the marketplace seller and purchaser are liable for any amount of uncollected, unpaid, or unremitted tax.

(b) (i) Subject to the limitation in subparagraph subdivision (ii), if the marketplace facilitator demonstrates to the satisfaction of the department that the Iowa sale was made or facilitated for a marketplace seller prior to January 1, 2026, through a marketplace of the marketplace facilitator, that the marketplace facilitator is not the seller and that the marketplace facilitator and the seller are not affiliates, and that the failure to collect sales and use tax was due to an error other than an error in sourcing the sale. To the extent that a marketplace facilitator is relieved of liability for collection of sales and use tax under this subparagraph division, the marketplace seller for whom the marketplace facilitator has made or facilitated the Iowa sale is also relieved of liability. The department may determine the manner in which a marketplace facilitator or marketplace seller shall claim the liability relief provided in this subparagraph division.

(ii) The liability relief provided in subparagraph subdivision (i) shall not exceed the following percentage of the total sales and use tax due on Iowa sales made or facilitated by a marketplace facilitator for marketplace sellers and sourced to this state during a calendar year, which Iowa sales shall not include sales by the marketplace facilitator or affiliates of the marketplace facilitator:

(A) For Iowa sales made or facilitated during the 2019 calendar year, ten percent.

(B) For Iowa sales made or facilitated during calendar years 2020 through 2024, five percent.

(C) For Iowa sales made or facilitated during the 2025 calendar year, three percent.

(c) Nothing in this subparagraph (3) shall be construed to relieve any person of liability for collecting but failing to remit to the department sales and use tax.

(d) A marketplace facilitator is deemed to be an agent of any marketplace seller making retail sales through a marketplace of the marketplace facilitator.

d. (1) A referrer if, for any immediately preceding calendar year or a current calendar year, one hundred thousand dollars or more in Iowa sales result from referrals from a platform of the referrer. A referrer is not required to collect and remit sales and use tax pursuant to this paragraph if the referrer does all of the following:

(a) The referrer posts a conspicuous notice on each platform of the referrer that includes all of the following:

(i) A statement that sales or use tax is due on certain purchases.

(ii) A statement that the marketplace seller from whom the person is purchasing on the platform may or may not collect and remit sales and use tax on a purchase.

(iii) A statement that Iowa requires the purchaser to pay sales or use tax and file sales or use tax returns if sales or use tax is not collected at the time of the sale by the marketplace seller.

(iv) Information informing the purchaser that the notice is provided under the requirements of this subparagraph.

(v) Instructions for obtaining additional information from the department regarding whether and how to remit sales and use tax to the state of Iowa.

(b) The referrer provides a monthly notice to each marketplace seller to whom the referrer made a referral of a potential customer located in Iowa during the previous calendar year, which monthly notice shall contain all of the following:

- (i) A statement that Iowa imposes a sales or use tax on Iowa sales.
- (ii) A statement that a marketplace facilitator or other retailer making Iowa sales must collect and remit sales and use tax.
- (iii) Instructions for obtaining additional information from the department regarding the collection and remittance of Iowa sales and use tax.

(c) The referrer provides the department with annual reports in an electronic format and in the manner prescribed by the department, which annual reports contain all of the following:

(i) A list of marketplace sellers who received the referrer's notice under subparagraph division (b).

(ii) A list of marketplace sellers that collect and remit Iowa sales and use tax and that list or advertise the marketplace seller's products for sale on a platform of the referrer.

(iii) An affidavit signed under penalty of perjury from an officer of the referrer affirming that the referrer made reasonable efforts to comply with the applicable sales and use tax notice and reporting requirements of this subparagraph.

(2) A referrer is deemed to be an agent of any marketplace seller making retail sales resulting from a referral of the referrer.

(3) For purposes of this paragraph:

(a) "Platform" means an electronic or physical medium, including but not limited to an internet site or catalog, that is owned, operated, or controlled by a referrer.

(b) "Referral" means the transfer through telephone, internet link, or other means by a referrer of a potential customer to a retailer or seller who advertises or lists products for sale on a platform of the referrer.

(c) (i) "Referrer" means a person who does all of the following:

(A) Contracts or otherwise agrees with a retailer, seller, or marketplace facilitator to list or advertise for sale a product of the retailer, seller, or marketplace facilitator on a platform, provided such listing or advertisement identifies whether or not the retailer, seller, or marketplace facilitator collects sales and use tax.

(B) Receives a commission, fee, or other consideration from the retailer, seller, or marketplace facilitator for the listing or advertisement.

(C) Provides referrals to a retailer, seller, or marketplace facilitator, or an affiliate of a retailer, seller, or marketplace facilitator.

(D) Does not collect money or other consideration from the customer for the transaction.

(ii) "Referrer" does not include any of the following:

(A) A person primarily engaged in the business of printing or publishing a newspaper.

(B) A person who does not provide the retailer's, seller's, or marketplace facilitator's shipping terms and who does not advertise whether a retailer, seller, or marketplace facilitator collects sales or use tax.

(4) This paragraph only applies to referrals by a referrer and shall not preclude the applicability of other provisions of [this section](#) to a person who is a referrer and is also a retailer, a marketplace facilitator, or a marketplace seller.

(5) This paragraph is subject to implementation by the department by rule and shall not require a referrer to collect tax or comply with the notice and reporting requirements and other provisions of this paragraph unless and until such administrative rules take effect.

e. (1) A retailer that makes Iowa sales through the use of a solicitor. For purposes of this paragraph, "solicitor" means a person that directly or indirectly solicits business for a retailer.

(2) (a) A retailer is deemed to have a solicitor in this state if the retailer enters into an agreement with a resident under which the resident, for a commission, fee, or other similar consideration, directly or indirectly refers potential customers, whether by link on an internet site, or otherwise, to the retailer. This determination may be rebutted by a showing of proof that the resident with whom the retailer has an agreement did not engage in any solicitation in this state on behalf of the retailer that would satisfy the nexus requirement of the United States Constitution during the calendar year in question.

(b) This subparagraph (2) shall not apply to a retailer that has Iowa gross revenue from Iowa sales of ten thousand dollars or less for an immediately preceding calendar year or a current calendar year.

(c) For purposes of this subparagraph (2):

(i) “*Iowa gross revenue*” means gross revenue from Iowa sales to purchasers who were referred to the retailer by all solicitors who are residents.

(ii) “*Resident*” includes an individual who is a resident of this state, as defined in [section 422.4](#), and any business that owns any tangible or intangible property with a situs in this state, or that has one or more employees performing or providing services for the business in this state.

(d) This paragraph “e” does not apply to [chapter 422](#) and does not expand or contract the state’s jurisdiction to tax a trade or business under [chapter 422](#).

f. A retailer that owns, controls, rents, licenses, makes available, or uses any tangible or intangible property in this state or with a situs in this state, to make or otherwise facilitate a retail sale.

g. (1) Any person that enters into a contract or agreement with a governmental entity, including but not limited to contracts for the provision of financial assistance or incentives such as a tax credit, forgivable loan, grant, tax rebate, or any other thing of value. For purposes of this subparagraph, “*governmental entity*” means any unit of government in the executive, legislative, or judicial branch, or any political subdivision of the state, including but not limited to a city, county, township, or school district.

(2) Every bid submitted and each contract or agreement executed by a state agency shall contain a certification by the bidder or contractor stating that the bidder or contractor is registered with the department pursuant to [this chapter](#) and will collect and remit Iowa sales and use tax due under [this chapter](#). In the certification, the bidder or contractor shall also acknowledge that the state agency may declare the contractor or bid void if the certification is false or becomes false. Fraudulent certification, by act or omission, may result in the state agency or its representative filing for damages for breach of contract.

h. Any affiliate of any person that is required to collect and remit sales and use tax under [this chapter](#), provided the affiliate makes retail sales.

[2018 Acts, ch 1161, §203, 229; 2019 Acts, ch 152, §25 – 29, 35](#)

Referred to in [§421.26](#), [423.1](#), [423.3](#), [423.14B](#), [423.15](#), [423.33](#), [423.57](#), [423.58](#), [423B.6](#)

Subsection 1, paragraph b, subparagraph (3) amended

Subsection 3 amended