

CHAPTER 423C

AUTOMOBILE RENTAL EXCISE TAX

Referred to in [§312.1](#), [321.105A](#), [421.26](#), [421.71](#), [423.36](#), [423A.5A](#)

Chapter transferred from chapter 422C in Code 2005 pursuant to
Code editor directive; [2003 Acts, 1st Ex, ch 2, §203, 205](#)

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423C.1 Short title.

[This chapter](#) may be cited as the “*Automobile Rental Excise Tax Act*”.

[92 Acts, ch 1006, §2](#)

[C93, §422C.1](#)

[2003 Acts, 1st Ex, ch 2, §203, 205](#)

[C2005, §423C.1](#)

423C.2 Definitions.

For purposes of [this chapter](#), unless the context otherwise requires:

1. “*Affiliate*” means the same as defined in [section 423.1](#).
 2. “*Automobile*” means a motor vehicle subject to registration in any state designed primarily for carrying nine passengers or less, excluding motorcycles and motorized bicycles.
 3. “*Automobile provider*” means any of the following:
 - a. A person or any affiliate of a person that owns or controls an automobile and makes the automobile available for rent through the person or any affiliate, or through any other person.
 - b. A person or any affiliate of a person who possesses or acquires a right or interest in any automobile with an intent to rent the automobile to another person, or through any other person.
 4. “*Department*” means the department of revenue.
 5. “*Facilitate*” or “*facilitation*” includes brokering, coordinating, or in any way arranging for the rental of automobiles by users.
 6. “*Facilitation fee*” means any consideration, by whatever name called, that a person charges to a user for facilitating the user’s rental of an automobile. “*Facilitation fee*” does not include any commission an automobile provider pays to a person for facilitating the rental of an automobile.
 7. “*Host*” means the registered owner of an automobile made available for sharing through a peer-to-peer automobile sharing marketplace.
 8. “*Person*” means person as defined in [section 423.1](#).
 9. “*Rental*”, “*renting*”, or “*rent*” means a transfer of the use, control, or possession or right to use, control, or possession of an automobile to a user for consideration for a period of sixty days or less.
 10. “*Rental price*” means the same as “*sales price*” as defined in [section 423.1](#), which term includes but is not limited to facilitation fees, reservation fees, services fees, nonrefundable deposits, and any other direct or indirect charge made or consideration provided in connection with the renting or facilitation of renting an automobile.
 11. “*User*” means a person to whom an automobile is rented.
- [92 Acts, ch 1006, §3](#)
- [C93, §422C.2](#)
- [2003 Acts, ch 145, §286; 2003 Acts, 1st Ex, ch 2, §189, 203, 205](#)
- [C2005, §423C.2](#)
- [2018 Acts, ch 1161, §252, 255; 2019 Acts, ch 152, §36 – 40](#)

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

1. A tax of five percent is imposed upon the rental price of an automobile if the rental

transaction is subject to the sales 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 tax, as provided in [section 423.3](#), or the state use tax, as provided in [section 423.6](#), on automobile rental receipts.

2. The tax imposed under [subsection 1](#) shall be collected and remitted to the department by all persons required to collect state sales and use tax on the rental transaction under [chapter 423](#).

3. A person is not required to collect and remit the tax imposed under [this chapter](#) if the person meets all of the following requirements:

a. The person or any affiliate of the person is not an automobile provider.

b. The person or any affiliate of the person facilitates the renting or sharing of an automobile by doing all of the following:

(1) The person owns, operates, or controls a peer-to-peer automobile sharing marketplace that allows a host or an automobile provider who is not an affiliate of the person to offer or list an automobile for sharing or rent on the marketplace. For purposes of this paragraph, it is immaterial whether or not the automobile provider has a tax permit under [this chapter](#) or [chapter 423](#) or whether the automobile is owned by a natural person or by a business entity.

(2) The person or affiliate of the person collects or processes the rental price charged to the user.

c. The only sales the person and affiliates of the person 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 “d”, 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.

4. For any rental transaction for which a person is required to or elects to collect and remit the tax under [this chapter](#), the person 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 “d”, notwithstanding any other provision to the contrary in [chapter 423](#).

5. For any rental transaction for which the person is not required to collect and remit the tax under [this chapter](#) as provided under [subsection 3](#), the automobile provider shall be solely liable for any amount of uncollected or unremitted tax under [this chapter](#) and [chapter 423](#).

[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; 2019 Acts, ch 152, §41](#)

Referred to in [§423.14A, 423C.4](#)

423C.4 Administration and enforcement.

All powers and requirements of the director of revenue to administer the state sales tax law under [chapter 423](#) are applicable to the administration of the tax imposed under [section 423C.3](#), including but not limited to [section 422.25, subsection 4](#), [sections 422.30, 422.67, and 422.68](#), [section 422.69, subsection 1](#), [sections 422.70 through 422.75](#), [section 423.14, subsection 1](#), and [sections 423.15, 423.23, 423.24, 423.25, 423.31, 423.33, 423.35 and 423.37 through 423.42, 423.45, 423.46, and 423.47](#). However, as an exception to the powers specified in [section 423.31](#), the director shall only require the filing of monthly reports.

[92 Acts, ch 1006, §5](#)

[C93, §422C.4](#)

[2003 Acts, ch 145, §286; 2003 Acts, 1st Ex, ch 2, §191, 203, 205](#)

[C2005, §423C.4](#)

[2022 Acts, ch 1138, §30](#)

423C.5 Deposit of revenue.

The revenue arising from the operation of [this chapter](#) shall be credited to the statutory allocations fund created under [section 321.145, subsection 2](#).

[92 Acts, ch 1006, §6](#)

[C93, §422C.5](#)

[2003 Acts, 1st Ex, ch 2, §203, 205](#)

[C2005, §423C.5](#)

[2008 Acts, ch 1113, §37](#)

Referred to in [§321.145](#)