

453E.5 Sales and excise taxes on sales and delivery sales of devices — examination of records and premises — subpoena for witnesses and papers.

1. A sale or delivery sale of a device within this state shall be subject to the sales tax provided in [chapter 423, subchapter II](#). All the provisions for the lien of the tax, its collection, and all actions as provided in the uniform sales and use tax administration Act, [chapter 423](#), shall apply to the tax imposed in [this chapter](#).

2. a. There is levied and imposed an excise tax on a device purchased in this state through a sale by a device retailer or purchased for use in this state through a delivery sale of forty percent of the retail sales price of the device.

b. For the purposes of [this section](#), “*retail sales price*” means the total amount of consideration, including cash, credit, property, and services, for which personal property or services are sold, leased, or rented, valued in money, whether received in money or otherwise, without any deduction for any of the following:

(1) The device retailer’s or device delivery sale permit holder’s cost of the device sold.

(2) The cost of materials used, labor or service cost, interest, losses, all costs of transportation to the device retailer or to the device delivery sale permit holder, as applicable, all taxes imposed on the device retailer or the device delivery sale permit holder except as provided in paragraph “c”, subparagraphs (5) and (6), and any other expenses of the device retailer or device delivery sale permit holder.

(3) Charges by the device retailer or device delivery sale permit holder for any services necessary to complete the sale, other than delivery and installation charges.

(4) Delivery charges.

c. “*Retail sales price*” does not include any of the following:

(1) Discounts, including cash, term, or coupons that are not reimbursed by a third party that are allowed by a device retailer or a device delivery sale permit holder and taken by a consumer on sale.

(2) Interest, financing, carrying charges from credit extended on the sale of a device, if the amount is separately stated on the invoice, bill of sale, or similar document given to the consumer.

(3) Any taxes legally imposed directly on the consumer that are separately stated on the invoice, bill of sale, or similar document given to the consumer.

(4) Trade discounts given or allowed by manufacturers, distributors, or wholesalers to device retailers or device delivery sale permit holders or by manufacturers or distributors to wholesalers and payments made by manufacturers, distributors, or wholesalers directly to device retailers or device delivery sale permit holders or by manufacturers or distributors to wholesalers to reduce the sales price of the manufacturer’s, distributor’s, or wholesaler’s product or to promote the sale or recognition of the manufacturer’s, distributor’s, or wholesaler’s product. This subparagraph does not apply to coupons issued by manufacturers, distributors, or wholesalers to consumers.

(5) Any state or local tax on a sale that is imposed on the device retailer or device delivery sale permit holder if the statute, rule, or local ordinance imposing the tax provides that the device retailer or device delivery sale permit holder may but is not required to collect such tax from the consumer, and if the tax is separately stated on the invoice, bill of sale, or similar document given to the consumer.

(6) Any tribal tax on a sale that is imposed on the device retailer or device delivery sale permit holder if the tribal law imposing the tax provides that the device retailer or device delivery sale permit holder may but is not required to collect such tax from the consumer, and if the tax is separately stated on the invoice, bill of sale, or similar document given to the consumer.

d. The retail sales price does not include, and the device excise tax shall not apply to, amounts received for charges included in paragraph “b”, subparagraphs (3) and (4), if the charges are separately contracted for, separately stated on the invoice, bill of sale, or similar document given to the consumer, and the amounts represent charges which are not the retail sales price of a taxable sale of a device under [this chapter](#).

3. A device delivery sale permit holder shall be deemed to have waived all claims that

such permit holder lacks physical presence within this state for purposes of collecting and remitting the sales and excise taxes.

4. A device delivery sale permit holder making taxable delivery sales of devices within this state and a device retailer shall remit to the department electronically all sales and excise taxes due on such sales at the times and in the manner as established by rule of the director.

5. The director may adopt rules pursuant to [chapter 17A](#) to administer [this section](#).

6. Excise taxes collected under [this section](#) shall be deposited in the specialty courts and diversion programs fund created in [section 453E.6](#).

7. *a.* For the purpose of enabling the department to determine the tax liability of device delivery sale permit holders, device retailers, or any other person dealing in devices or to determine whether a tax liability has been incurred, the department shall have the right to inspect any premises of the device delivery sale permit holder, device retailer, or other person dealing in devices located within or without the state of Iowa where devices are manufactured, produced, made, stored, transported, sold, or offered for sale or exchange, and to examine all of the records required to be kept or any other records that may be kept incident to the conduct of the business of said device delivery sale permit holder, device retailer, or any other person dealing in devices.

b. The department shall also have the right as an incident to determining the tax liability, or whether a tax liability has been incurred, to examine all stocks of devices and to remain upon the premises for such length of time as may be necessary to fully determine the tax liability, or whether a tax liability has been incurred.

c. It shall be unlawful for a permit holder to fail to produce upon demand of the department any records required to be kept or to hinder or prevent in any manner the inspection of the records or the examination of the premises.

d. In the case of any departmental inspection conducted under [this section](#) requiring department personnel to travel outside the state of Iowa, any additional costs incurred by the department for out-of-state travel expenses shall be borne by the device delivery sale permit holder, device retailer, or other person dealing in devices. These additional costs shall be those costs in excess of the costs of a similar inspection conducted at the geographical point located within the state of Iowa nearest to the out-of-state inspection point. In lieu of conducting an on-premises out-of-state inspection, the department shall have the authority to direct the device delivery sale permit holder, device retailer, or other person dealing in devices to assemble and transport all records described in [this subsection](#) to the nearest practical and convenient geographical location in Iowa for inspection by the department.

[2024 Acts, ch 1165, §5, 8](#)

Referred to in [§453E.4](#), [453E.6](#)