

701—209.1(423) Exemption certificates.

209.1(1) General provisions. A valid exemption certificate, whether furnished by the department or a seller, must be fully completed, dated, and signed if a paper certificate is used.

a. A fully completed exemption certificate must include the following information:

- (1) Name of both the purchaser and seller.
- (2) The purchaser's address and type of business (e.g., retailer, manufacturer).
- (3) Reason for tax-exempt purchase (e.g., resale, processing).
- (4) When required, purchaser's identification number (e.g., Iowa-issued sales and use tax permit, another state's issued sales tax identification number, and Federal Employer Identification Number).

b. Either a fully completed exemption certificate or capture of the data elements listed in paragraph 209.1(1) "a" must be obtained at the time of sale or within 90 days subsequent to the date of sale.

209.1(2) Liability. The sales tax liability is on both the seller and purchaser; however, a seller is relieved of the liability if the seller obtains a fully completed exemption certificate or captures all the data elements listed in paragraph 209.1(1) "a."

a. If no exemption certificate or the data elements are obtained within 90 days of the sale, a seller obligated to collect tax from a purchaser is relieved of liability if the seller obtains a fully completed exemption certificate taken in good faith or provides proof the transaction was not subject to tax within 120 days of the department's request for substantiation.

b. No liability relief is available for sellers who do any of the listed activities in Iowa Code section 423.51(2).

c. The purchase of tangible personal property, specified digital products, or services that are specifically exempt from tax under the Iowa Code need not be evidenced by an exemption certificate. However, if certificates are given to support these transactions, they do not relieve the purchaser of the responsibility for tax if at some later time the transaction is determined to be taxable.

d. A person who is selling tangible personal property, specified digital products, or services, but who does not make any taxable sales at retail, is not required to hold a permit. When this person purchases tangible personal property, specified digital products, or services for resale, the person shall furnish a certificate in accordance with these rules to the supplier stating that the property or services were purchased for the purpose of resale.

209.1(3) Other acceptable forms. Purchasers may also use a Multistate Tax Commission's Uniform Sales & Use Tax Resale Certificate, available at mtc.gov, or a Streamlined Sales Tax Agreement Certificate of Exemption, available on the department's website or at streamlinedsalestax.org, as an alternative to a department-issued certificate.

209.1(4) Blanket certificates. Sellers and purchasers with a recurring business relationship, as described in Iowa Code section 423.51(3) "d," may use blanket exemption certificates covering more than one transaction. Blanket exemption certificates remain effective until canceled by the purchaser or until 12 months elapse with no purchases between the same purchaser and seller.

This rule is intended to implement Iowa Code sections 423.45 and 423.51.

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