

701—250.4(321) Manufacturer's rebate.

250.4(1) A manufacturer's rebate can be used to reduce the purchase price of a vehicle subject to the fee for new registration. To qualify, all of the following must be present:

- a. A rebate must be a return of an amount that the purchaser would otherwise have paid;
- b. The rebate must be in the form of money;
- c. The rebate must be offered by a manufacturer licensed under Iowa Code section 322.27;
- d. The rebate must be applied to the purchase price of the vehicle;
- e. The rebate is strictly a transaction between a manufacturer and a purchaser.

(1) The rebate must be from an entity acting as a manufacturer of such vehicle being purchased when offering the rebate. The rebate cannot be from a vehicle manufacturer engaging in other activities, such as a manufacturer acting in the capacity of a credit card issuer or a financing program; and

(2) The purchaser must be in the process of purchasing the vehicle when the rebate is given. The rebate cannot be given to a customer in a situation similar to the credit card rebate program, in which the customer earns the right to the rebate over a period of time. Purchase of the vehicle must occur simultaneously with the receipt of the rebate, and the rebate cannot be allowed unless the customer purchases the vehicle.

250.4(2) Payment methods, such as credit or debit cards, issued by vehicle manufacturers that are used as a rebate toward the price of the manufacturer's vehicle are not considered a manufacturer's rebate for the purposes of the fee for new registration. These types of rebates cannot be used toward reducing the purchase price of a vehicle subject to the fee for new registration.

EXAMPLE: Person R purchases a vehicle subject to registration with a purchase price of \$30,000 and trades in a vehicle valued at \$10,000. The manufacturer of the newly purchased vehicle gives Person R \$1,000 on a manufacturer-issued credit card as a "rebate." Person R pays \$19,000 in cash for the new vehicle. The fee for new registration is due on \$20,000, because the "rebate" was issued on a credit card rather than applied directly to the price.

This rule is intended to implement Iowa Code section 321.105A as amended by 2021 Iowa Acts, Senate File 366.

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