

701—230.2(453A) Records.

230.2(1) *Generally.* Every taxpayer shall keep, preserve, and make available to the department records for a period of at least three years. The following is a nonexhaustive list of records that are subject to the provisions of this rule. 701—Chapter 11 provides more information for taxpayers using an electronic data interchange process or technology. Nothing in this rule shall be construed to affect the provisions of any applicable federal law. The records will be considered inadequate when the requirements of this rule are not met. The director may, by express order in certain cases, authorize permit holders to keep their records in a manner and upon forms other than those so prescribed (agreements must be in writing).

230.2(2) *General requirements for records used in an appeal.* If a tax liability has been assessed and an appeal is pending to the department, district court or an appellate court, books, papers, records, memoranda or documents specified in this rule that relate to the period covered by the assessment shall be preserved until the final disposition of the appeal.

230.2(3) *Cigarette manufacturer.* Cigarette manufacturers are required to keep the following records.

a. Records, including invoices, showing the sale of cigarettes in Iowa or the sale of cigarettes for shipment into Iowa.

b. Records evidencing the transportation of cigarettes into Iowa.

c. Records, including invoices, showing all sales of cigarettes to permittees.

d. A record of all stamps purchased.

e. Copies of all reports filed with the department.

230.2(4) *Cigarette distributing agent.* Cigarette distributing agents are required to keep the following records.

a. Records of the receipt of all cigarettes showing the number of cigarettes received and from whom the cigarettes were received.

b. Records of all distribution of cigarettes showing the number of cigarettes shipped and to whom and at whose direction the cigarettes were distributed.

c. Records showing all exports of cigarettes.

d. Copies of all reports filed with the department.

e. Detailed inventory records.

f. Freight receiving and shipping records.

230.2(5) *Cigarette distributors.* Cigarette distributors are required to keep the following records.

a. Records, including invoices, showing the purchase of all cigarettes sold, used or stored in Iowa.

b. Records, including invoices, showing the sale of cigarettes in Iowa.

c. Detailed inventory records.

d. Freight receiving and shipping records.

e. A record of all stamps purchased.

f. Copies of all reports filed with the department.

230.2(6) *Cigarette wholesaler.* Cigarette wholesalers are required to keep the following records.

a. Records, including invoices, evidencing the purchase of all cigarettes.

b. Records, including invoices, evidencing the sale of all cigarettes.

c. Detailed inventory records.

230.2(7) *Cigarette vendor.* Cigarette vendors are required to keep the following records.

a. Records, including invoices, evidencing the purchase of all cigarettes.

b. Records evidencing the sale of cigarettes.

c. Inventory records.

d. Records of all cigarette vending machines owned, furnished, installed, serviced, operated or maintained by the vendor and the location of each.

230.2(8) *Cigarette retailer.* Cigarette retailers are required to keep the following records.

a. Records, including invoices, evidencing the purchase of all cigarettes.

b. Inventory records.

230.2(9) *Tobacco distributor.* Tobacco distributors are required to keep the same records as a cigarette distributor as described in subrule 230.2(5), but with respect to tobacco, no records of stamps purchased are required.

230.2(10) Tobacco subjobber. Tobacco subjobbers are required to keep the same records as a cigarette wholesaler as described in subrule 230.2(6) but with respect to tobacco.

230.2(11) Tobacco retailer. Tobacco retailers are required to keep the same records as a cigarette retailer as described in subrule 230.2(8) but with respect to tobacco.

230.2(12) Common carrier engaged in transporting cigarettes or tobacco products into Iowa. Common carriers engaged in transporting cigarettes or tobacco products into Iowa are required to keep the following records.

- a. Copies of bills of lading or manifests as to each transportation of cigarettes or tobacco.
- b. Log book or trip sheets.

230.2(13) Microfilm and related records system.

a. Microfilm, microfiche, COM (computer on machine) and other related reduction in storage systems will be referred to as “microfilm” in this rule.

b. Microfilm reproductions of general books of account, such as a cash book, journals, voucher registers, ledgers, etc., are not acceptable other than those that have been approved by the Internal Revenue Service. However, microfilm reproductions of supporting records of detail, such as sales invoices, purchase invoices, credit memoranda, etc., may be allowed providing all the following conditions are met and accepted by the taxpayer.

- (1) Appropriate facilities are provided to ensure the preservation and readability of the films.
- (2) Microfilm rolls are indexed, cross-referenced, labeled to show beginning and ending numbers or beginning and ending alphabetical listing of documents included, and systematically filed.
- (3) The taxpayer agrees to provide transcripts of any information contained on microfilm that may be required for purposes of verification of tax liability.
- (4) Proper facilities are provided for the ready inspection and location of the particular records, including modern projectors for viewing and for the copying of records.
- (5) Any audit of “detail” on microfilm may be subject to sample audit procedures, to be determined at the discretion of the director or the director’s designated representative.
- (6) A posting reference must be on each invoice.
- (7) Credit memoranda must carry a reference to the document evidencing the original transaction.
- (8) Documents necessary to support claimed exemptions from tax liability, such as bills of lading and purchase orders, must be maintained in an order by which they readily can be related to the transaction for which exemption is sought.

230.2(14) Automatic data processing records. Automatic data processing records are defined and described in 701—Chapter 11.

230.2(15) Other persons. The director may require any person other than those previously listed in this rule to maintain books and records as deemed necessary by the director.

This rule is intended to implement Iowa Code sections 453A.15, 453A.18, 453A.19, 453A.24, 453A.45, and 453A.49.

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