

701—250.8(321) Sale of chassis with added equipment or accessories.

250.8(1) *Dealer-installed equipment.* If a dealer sells a chassis and the purchaser has the dealer install any equipment, the fee for new registration is due on the full purchase price, including the chassis and the equipment. This is a completed vehicle when driven off the dealer's lot.

250.8(2) *Third party-installed equipment.* If the chassis is purchased from a dealer and the equipment is installed by the purchaser from a third party, the fee for new registration is due on the chassis and sales tax is due on the equipment.

EXAMPLE A: Business S purchases a chassis from an auto dealer for \$20,000. Business S wants a lift added to the chassis. The auto dealer agrees to sell and install the lift for \$15,000. The auto dealer takes the chassis to a lift dealer for purchase and installation of the lift. After the installation, Business S returns to the auto dealer to take delivery of the completed vehicle. Business S requests the auto dealer itemize the chassis price of \$20,000 and the lift price of \$15,000. Business S pays the auto dealer \$35,000 for the complete vehicle. The chassis and lift together are a vehicle subject to registration, because both constitute the completed vehicle, and the fee for new registration is due on \$35,000.

EXAMPLE B: Business T purchases a chassis from an auto dealer for \$20,000. Business T wants a lift added to the chassis. However, Business T will purchase the lift from a third party and not from the auto dealer. Business T pays the dealer \$20,000 for the chassis. Business T drives the chassis to a lift dealer to purchase and install a lift for \$12,000. The purchase of the chassis from the auto dealer is subject to the fee for new registration because it alone constitutes the completed vehicle purchased. The purchase and installation of the lift from the lift dealer are subject to Iowa sales tax and any applicable local option tax, rather than the vehicle fee for new registration.

This rule is intended to implement Iowa Code section 321.105A.

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