

701—260.2(452A) Exemption.

260.2(1) *Exported fuel.* Motor fuel or undyed special fuel sold for export or exported from this state to another state, territory, or foreign country is exempt from the excise tax.

a. The fuel is deemed sold for export or exported only if the bill of lading or manifest indicates that the destination of the fuel withdrawn from the terminal is outside the state of Iowa. The mode of transportation is not of consequence.

b. In the event fuel is taxed and then subsequently exported, an amount equal to the tax previously paid will be allowable as a refund, upon receipt by the department of the appropriate documents, to the party who originally paid the tax.

c. If the sale of exported fuel is completed in Iowa, then the sale is subject to Iowa sales tax if it is not exported for resale or otherwise exempt from sales tax. The sale is completed in Iowa if the foreign purchaser takes physical possession of the fuel in this state (rule 701—220.2(423)).

260.2(2) *Exempt purposes.* “Exempt purposes” as they relate to dyed fuel requirements in Iowa Code section 452A.3(3) “*b*” are described in Iowa Code section 452A.17(1) “*a*.” This exemption does not apply to fuel used for idle time, power takeoffs, reefer units, or pumping credits, or fuel used by contract carriers.

This rule is intended to implement Iowa Code sections 452A.3 and 452A.17.

[ARC 9043C, IAB 3/19/25, effective 4/23/25]