

**701—34.15(423) Registration by manufacturers.** Use tax on a vehicle registered in Iowa by the manufacturer of that vehicle from an MSO (manufacturer's statement of origin) is calculated on the base value of 50 percent of the retail list price of the vehicle because such a manufacturer is required to pay use tax only on the manufacturer's cost of materials used to manufacture the vehicle. However, it is important to note that this 50 percent exemption is provided only to manufacturers of the vehicle; it is not extended to subsidiaries of the manufacturer. A subsidiary of a manufacturer is required to pay Iowa use tax on 100 percent of that subsidiary's purchase price of the vehicle at the time of the registration of the vehicle.

This rule is intended to implement Iowa Code section 423.2.