

**701—203.2(423) Finance charge.** Interest or other types of additional charges that result from selling on credit or under installment contracts are not subject to sales tax when such charges are separately stated and when such charges are in addition to an established cash sales price. However, if finance charges are not separately stated and a sale is made for a lump sum amount, the tax is due on the total retailer's price.

When interest and other types of additional charges are added as a condition of a sale in order to obtain title rather than as a charge to obtain credit where title to goods has previously passed, such charges will be subject to tax even though they may be separately stated. More information is contained in rule 701—213.3(423), relating to conditional sales contracts.

This rule is intended to implement Iowa Code section 423.1(51).

[ARC 8152C, IAB 7/24/24, effective 8/28/24]