

701—219.16(423) Liability of sponsors. The sponsor cannot be held responsible for a tax liability incurred on building materials, supplies, and equipment by a contractor or subcontractor in the completion of a construction contract or a contract for reconstruction, alteration, expansion, or remodeling. Likewise, a contractor cannot be held responsible for the tax liability incurred on building materials, supplies, and equipment by a subcontractor in the completion of a construction contract or a contract for reconstruction, alteration, expansion, or remodeling. The tax responsibility regarding machinery and equipment contracts depends on where the sale was consummated. If the sale was consummated in Iowa, the seller is responsible for the collection and remittance of tax unless a valid exemption certificate is given by the purchaser. If the sale was consummated outside Iowa and the seller does not remit use tax to the department, then a use tax would be due from the Iowa user.

This rule is intended to implement Iowa Code sections 423.2 and 423.5.

[ARC 8161C, IAB 7/24/24, effective 8/28/24]