

701—281.3(423) Mobile homes and manufactured housing. A use tax is not to be imposed on any mobile home or manufactured housing if the tax has been previously imposed pursuant to Iowa Code section 423.2 and paid. In order for the exemption to be allowed, the purchaser of the mobile home or manufactured housing has the responsibility to provide the county treasurer with documentation verifying that the Iowa use tax was previously paid. On or after July 1, 2008, all taxable mobile homes or manufactured housing is subject to a use tax in an amount equal to 20 percent of the mobile home's or manufactured housing's purchase price (80 percent of the home's or housing's purchase price is exempt from use tax). Prior to July 1, 2008, all taxable mobile homes or manufactured housing was subject to a use tax in an amount equal to 60 percent of the mobile home's or manufactured housing's purchase price (40 percent of the home's or housing's purchase price is exempt from use tax). The trade-in allowance provided in Iowa Code section 423.1(6) "b" is considered a reduction in the purchase price if (1) the property traded for the mobile home or manufactured housing is a type of property normally sold in the regular course of business of the retailer selling the home or housing, and (2) the retailer intends ultimately to sell the traded property at retail or to use the traded property in the manufacture of a like item.

EXAMPLE 1: In January of 2008, a manufactured housing dealer receives from the factory a new manufactured home that has a sales price of \$20,000. The dealer sells it and takes the purchaser's old manufactured home worth \$5,000 in trade. The dealer keeps the traded-in manufactured home as an office. The Iowa use tax is computed as follows:

Sales price	\$20,000
Less trade-in.	<u>\$ 5,000</u>
Buyer's price	\$15,000
Amount subject to tax	\$12,000
($\$20,000 \times 60\%$)	
Use tax at 5%	\$ 600

The trade-in allowance does not apply since the traded-in manufactured home will not be ultimately sold at retail or used to manufacture a like item.

EXAMPLE 2: Same date and facts as given in Example 1 with the exception that the dealer lists the trade-in for sale.

Sales price	\$20,000
Less trade-in.	<u>\$ 5,000</u>
Buyer's price	\$15,000
Amount subject to tax	\$ 9,000
($\$15,000 \times 60\%$)	
Use tax at 5%	\$ 450

The trade-in allowance applies since the traded-in manufactured home will be ultimately sold at retail.

EXAMPLE 3: In September of 2008, a manufactured housing dealer receives from the factory a new manufactured home that has a sales price of \$40,000. The dealer sells it and takes the purchaser's old manufactured home worth \$10,000 in trade. The dealer intends to resell the used manufactured home. The Iowa use tax is computed as follows:

Sales price	\$40,000
Less trade-in.	<u>\$10,000</u>
Buyer's price	\$30,000
Amount subject to tax	\$ 6,000
(\$30,000 × 20%)	
Use tax at 5%	\$ 300

The trade-in allowance does apply since the traded-in manufactured home will be ultimately sold at retail or used to manufacture a like item. Because the transaction occurs after July 1, 2008, only 20 percent of the purchase price is subject to the 5 percent use tax.

This rule is intended to implement Iowa Code section 423.6 as amended by 2008 Iowa Acts, House File 2700, section 64.

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