

701—235.7(453E) Attachment of tax.

235.7(1) *Device excise tax.* Retail sales and delivery sales of devices are subject to a device excise tax of 40 percent of the retail sales price of the device. In addition to the device excise tax, retail sales and delivery sales of devices are subject to the state sales tax and applicable local option sales tax.

a. Iowa Code section 453E.5(2)“*b*” provides information on what constitutes “retail sales price” and which elements are considered in its determination.

b. When a device is sold as a part of a bundled transaction, as defined in Iowa Code section 423.2(8), the 40 percent device excise tax applies to the entire retail sales price of the bundled transaction.

c. Examples.

(1) Sale in a jurisdiction with no local option sales tax. If a device has a retail sales price of \$10, the sale of the device would be subject to a device excise tax of \$4 and the state sales tax of \$0.60. Therefore, a customer’s total would be \$14.60.

(2) Sale in a jurisdiction with a local option sales tax. If a device has a retail sales price of \$10, the sale of the device would be subject to a device excise tax of \$4 (40 percent of sales price), state sales tax of \$0.60 (6 percent of sales price), and local option sales tax of \$0.10 (1 percent of sales price). Therefore, a customer’s total would be \$14.70.

235.7(2) *Collection and remittance.* Device retailers and device delivery sellers must remit the sales, any applicable local option sales, and the device excise tax in the manner described in rule 701—235.8(453E) and 701—Chapter 202.

This rule is intended to implement Iowa Code sections 453E.4 and 453E.5.

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