

**701—28.1(423) Taxable use defined.** A “taxable use” is the exercise of any right of ownership over tangible personal property in Iowa by any person owning the property but does not include the right to sell the property in the regular course of business or the right to process or manufacture the property into another article of tangible personal property intended to be sold ultimately at retail.

A taxable use is also an enumerated taxable service rendered, furnished or performed for use in Iowa or the product or result of such enumerated service used in Iowa. For list of enumerated services and exemptions from tax, see 701—Chapter 26.

Laws governing the return of defective vehicles by a purchaser, commonly known as “lemon laws,” are found in Iowa Code chapter 322G. Under Iowa Code chapter 322G, the return of a qualifying defective vehicle to a manufacturer is not a taxable “use.” Consequently, the transfer of the vehicle from a purchaser to a manufacturer pursuant to Iowa Code chapter 322G and the titling and registration of that vehicle by the manufacturer are not subject to Iowa use tax. For refund of use tax paid by a purchaser of a vehicle that is returned under Iowa Code chapter 322G, see 701—34.3(423).