

**701—14.1(422) Tax not to be included in price.** When a retailer pricemarks an article for retail sale and displays or advertises the same to the public with such pricemark, the price so marked or advertised shall include only the sale price of such article unless it is stated on the pricemark that the price includes tax.

For taxable transactions prior to July 1, 1992

EXAMPLE: The advertised or marked price is \$1.00. When sale is made, the purchaser pays or agrees to pay \$1.04, which represents the purchase price plus tax, which when added becomes a part of the sale price or charge.

This rule does not prohibit advertising or displaying the sale price plus tax or the price including tax, as shown in the following examples:

“This dress—\$10.00 plus tax”, or “This dress—\$10.00 plus 40 cents tax”, or “This dress—\$10.40 including tax”.

When a retailer conspicuously advertises in such manner and position so that it may be readily seen and read by the public, that the price “includes tax”, the retailer will be allowed to determine gross receipts by dividing the total of such receipts which included tax by 104 percent.

For periods on or after July 1, 1992

EXAMPLE: The advertised or marked price is \$1.00. When sale is made, the purchaser pays or agrees to pay \$1.05 which represents the purchase price plus tax, which when added becomes a part of the sale price or charge.

This rule does not prohibit advertising or displaying the sale price plus tax or the price including tax, as shown in the following examples:

“This dress—\$10.00 plus tax”, or “This dress—\$10.00 plus 50 cents tax”, or “This dress—\$10.50 including tax”.

When a retailer conspicuously advertises in such manner and position so that it may be readily seen and read by the public, that the price “includes tax”, the retailer will be allowed to determine gross receipts by dividing the total of such receipts which included tax by 105 percent.

However, where an invoice is sent to the purchaser as a part of the sale, such invoice must either show the tax separate from the purchase price or it must be stated on each invoice that tax is included in the purchase price. If the invoices state “tax included” the seller may determine gross receipts by the 104 percent or 105 percent method described above. It shall be the responsibility of the retailer who uses or has used the 104 percent or 105 percent method for reporting to provide proof that it has complied with the method of advertising or displaying the sale price, as described above.

This rule is intended to implement Iowa Code sections 422.43, 422.47, and 423.2.