

Senate File 2320 - Introduced

SENATE FILE 2320

BY COMMITTEE ON WAYS AND MEANS

(SUCCESSOR TO SSB 3045)

A BILL FOR

1 An Act relating to the administration of the streamlined sales
2 tax agreement by the department of revenue.

3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. Section 423.1, subsection 51, paragraph a,
2 subparagraph (2), Code Supplement 2011, is amended to read as
3 follows:

4 (2) The cost of materials used, labor or service cost,
5 interest, losses, all costs of transportation to the seller,
6 all taxes imposed on the seller except as provided in paragraph
7 "b", subparagraphs (5) and (6), and any other expenses of the
8 seller.

9 Sec. 2. Section 423.1, subsection 51, paragraph b, Code
10 Supplement 2011, is amended by adding the following new
11 subparagraphs:

12 NEW SUBPARAGRAPH. (5) Any state or local tax on a retail
13 sale that is imposed on the seller if the statute, rule, or
14 local ordinance imposing the tax provides that the seller may,
15 but is not required to, collect such tax from the consumer, and
16 if the tax is separately stated on the invoice, bill of sale,
17 or similar document given to the purchaser.

18 NEW SUBPARAGRAPH. (6) Any tribal tax on a retail sale that
19 is imposed on the seller if the tribal law imposing the tax
20 provides that the seller may but is not required to collect
21 such tax from the consumer, and if the tax is separately stated
22 on the invoice, bill of sale, or similar document given to the
23 purchaser.

24 Sec. 3. Section 423.31, Code 2011, is amended by adding the
25 following new subsection:

26 NEW SUBSECTION. 8. Persons required to file a return under
27 this section may instead file a simplified electronic return
28 pursuant to section 423.49.

29 Sec. 4. Section 423.49, subsection 4, paragraph d, Code
30 2011, is amended to read as follows:

31 d. A model 4 seller, or a seller not registered under the
32 agreement who is otherwise registered in the state, may elect
33 to file a simplified return. Model 4 sellers, or sellers not
34 registered under the agreement who are otherwise registered in
35 the state, electing to do so shall file the first part of the

1 return each month.

2 Sec. 5. Section 423.49, subsection 4, paragraph e,
3 unnumbered paragraph 1, Code 2011, is amended to read as
4 follows:

5 A model 4 seller required to register in the state, or a
6 seller not registered under the agreement who is otherwise
7 registered in the state, may submit the information collected
8 in the second part of the return in one of the following ways:

9 Sec. 6. Section 423.52, subsection 1, Code 2011, is amended
10 to read as follows:

11 1. Sellers and certified service providers using
12 databases derived from zip codes or state or vendor provided
13 address-based databases are relieved from liability to this
14 state or its local taxing jurisdictions for having charged and
15 collected the incorrect amount of sales or use tax resulting
16 from the seller or certified service provider relying on
17 erroneous data provided by this state on tax rates, boundaries,
18 or taxing jurisdiction assignments. If this state provides an
19 address-based system for assigning taxing jurisdictions, the
20 director is not required to provide liability relief for errors
21 resulting from reliance on the information a database derived
22 from zip codes and provided by this state if the director has
23 given adequate notice, as determined by the governing board, to
24 affected parties of the decision to end this relief.

25 EXPLANATION

26 This bill relates to the administration of the sales and use
27 taxes under the streamlined sales and use tax agreement.

28 Iowa is a member of the streamlined sales and use tax
29 agreement, which is an effort to administer state sales and
30 use taxes in all participating states according to the same
31 simplified system. Under the agreement, Iowa must periodically
32 make changes in the administration of the sales and use taxes
33 in order to remain in compliance.

34 The bill amends the definition of "sales price" to exclude
35 any state or local tax on a retail sale that is imposed on the

1 seller if by law the seller may but is not required to collect
2 the tax from the consumer, and if the tax is separately stated
3 on the invoice, bill of sale, or similar document given to the
4 purchaser.

5 The bill further amends the definition of "sales price" to
6 exclude any tribal tax on a retail sale that is imposed on the
7 seller if by law the seller may but is not required to collect
8 such tax from the consumer, and if the tax is separately stated
9 on the invoice, bill of sale, or similar document given to the
10 purchaser.

11 The bill allows sellers that have not registered under the
12 streamlined sales and use tax agreement but that are otherwise
13 registered in the state and required to file sales tax returns
14 to elect to file using the simplified electronic return.

15 The bill amends Code section 423.52 relating to liability
16 relief for sellers and certified service providers. Under
17 current law, relief from liability is granted to sellers and
18 certified service providers who charge incorrect sales and
19 use tax after relying on erroneous tax rate, boundary, or
20 jurisdiction data provided by the state in databases derived
21 from zip codes or addresses. However, the state may deny
22 liability relief to a seller or certified service provider for
23 reliance on either database as long as the state maintains an
24 address-based system for assigning taxing jurisdictions, and
25 provides adequate notice to the affected parties. The bill
26 provides that if the state maintains an address-based system
27 for assigning taxing jurisdictions, it may only deny liability
28 relief to sellers and certified service providers for errors
29 resulting from the seller's or certified service provider's
30 reliance on a database derived from zip codes.