

423C.3 Tax on rental of automobiles — collection and remittance of tax.

1. A tax of five percent is imposed upon the rental price of an automobile if the rental transaction is subject to the sales tax under [chapter 423, subchapter II](#), or the use tax under [chapter 423, subchapter III](#). The tax shall not be imposed on any rental transaction not taxable under the state sales tax, as provided in [section 423.3](#), or the state use tax, as provided in [section 423.6](#), on automobile rental receipts.

2. The tax imposed under [subsection 1](#) shall be collected and remitted to the department by all persons required to collect state sales and use tax on the rental transaction under [chapter 423](#).

3. A person is not required to collect and remit the tax imposed under [this chapter](#) if the person meets all of the following requirements:

a. The person or any affiliate of the person is not an automobile provider.

b. The person or any affiliate of the person facilitates the renting or sharing of an automobile by doing all of the following:

(1) The person owns, operates, or controls a peer-to-peer automobile sharing marketplace that allows a host or an automobile provider who is not an affiliate of the person to offer or list an automobile for sharing or rent on the marketplace. For purposes of this paragraph, it is immaterial whether or not the automobile provider has a tax permit under [this chapter](#) or [chapter 423](#) or whether the automobile is owned by a natural person or by a business entity.

(2) The person or affiliate of the person collects or processes the rental price charged to the user.

c. The only sales the person and affiliates of the person facilitate that are subject to tax under [chapter 423](#) are sales of a transportation service under [section 423.2, subsection 6](#), paragraph “*bf*”, or [section 423.5, subsection 1](#), paragraph “*d*”, consisting of the rental of vehicles subject to registration which are registered for a gross weight of thirteen tons or less for a period of sixty days or less.

4. For any rental transaction for which a person is required to or elects to collect and remit the tax under [this chapter](#), the person shall also be liable for the collection and remittance of any sales or use tax due on that transaction under [section 423.2, subsection 6](#), paragraph “*bf*”, or [section 423.5, subsection 1](#), paragraph “*d*”, notwithstanding any other provision to the contrary in [chapter 423](#).

5. For any rental transaction for which the person is not required to collect and remit the tax under [this chapter](#) as provided under [subsection 3](#), the automobile provider shall be solely liable for any amount of uncollected or unremitted tax under [this chapter](#) and [chapter 423](#).

92 Acts, ch 1006, §4; 92 Acts, 2nd Ex, ch 1001, §210

C93, §422C.3

2003 Acts, 1st Ex, ch 2, §190, 203, 205

C2005, §423C.3

2018 Acts, ch 1161, §253, 255; 2019 Acts, ch 152, §41

Referred to in §423.14A, 423C.4

Section not amended; internal reference changes applied