

**423.14 Sales and use tax collection.**

1. *a.* Sales tax, other than that described in paragraph “c”, shall be collected by sellers who are retailers or by their agents. Sellers or their agents shall, as far as practicable, add the sales tax, or the average equivalent thereof, to the sales price or charge, less trade-ins allowed and taken and when added such tax shall constitute a part of the sales price or charge, shall be a debt from consumer or user to seller or agent until paid, and shall be recoverable at law in the same manner as other debts.

*b.* In computing the tax to be collected as the result of any transaction, the tax computation must be carried to the third decimal place. Whenever the third decimal place is greater than four, the tax must be rounded up to the next whole cent; whenever the third decimal place is four or less, the tax must be rounded downward to a whole cent. Sellers may elect to compute the tax due on transactions on an item or invoice basis. Sellers are not required to use a bracket system.

*c.* The tax imposed upon those sales of motor fuel which are subject to tax and refund under [chapter 452A](#) shall be collected by the state treasurer by way of deduction from refunds otherwise allowable under that chapter. The treasurer shall transfer the amount of such deductions from the motor vehicle fuel tax fund to the special tax fund.

2. Use tax shall be collected in the following manner:

*a.* The tax upon the use of all vehicles subject only to the issuance of a certificate of title shall be collected by the county treasurer or the state department of transportation pursuant to [section 423.26, subsection 1](#). The county treasurer shall retain one dollar from each tax payment collected, to be credited to the county general fund.

*b.* The tax upon the use of all tangible personal property and specified digital products other than that enumerated in paragraph “a”, which is sold by a seller who is a retailer or its agent that is not otherwise required to collect sales tax under the provisions of [this chapter](#), may be collected by the retailer or agent and remitted to the department, pursuant to the provisions of paragraph “e”, and [sections 423.24, 423.29, 423.30, 423.32, and 423.33](#).

*c.* The tax upon the use of all tangible personal property and specified digital products not paid pursuant to paragraphs “a” and “b” shall be paid to the department directly by any person using the property within this state, pursuant to the provisions of [section 423.34](#).

*d.* The tax imposed on the use of services enumerated in [section 423.5](#) shall be collected, remitted, and paid to the department of revenue in the same manner as use tax on tangible personal property is collected, remitted, and paid under [this subchapter](#).

*e.* All persons obligated by paragraph “a”, “b”, or “d”, to collect use tax shall, as far as practicable, add that tax, or the average equivalent thereof, to the purchase price, less trade-ins allowed and taken, and when added the tax shall constitute a part of the purchase price. Use tax which [this section](#) requires to be collected by a retailer and any tax collected pursuant to [this section](#) by a retailer shall constitute a debt owed by the retailer to this state. Tax which must be paid directly to the department, pursuant to paragraph “c” or “d”, is to be computed and added by the consumer or user to the purchase price in the same manner as this paragraph requires a seller to compute and add the tax. The tax shall be a debt from the consumer or user to the department until paid, and shall be recoverable at law in the same manner as other debts.

2003 Acts, 1st Ex, ch 2, §107, 205; 2006 Acts, ch 1142, §83; 2008 Acts, ch 1113, §43; 2010 Acts, ch 1108, §5, 15; 2018 Acts, ch 1161, §202, 229; 2021 Acts, ch 151, §6

Referred to in §99G.30A, 321.105A, 331.557, 421.26, 423.14A, 423.33, 423.35, 423.57, 423.58, 423A.6, 423B.6, 423C.4, 423D.4, 423G.5  
Subsection 2, paragraph b amended