Iowa Department of Revenue

2024 Recorders Spring ISAC

March 15, 2024

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Overview

- Sales and Use Tax Collection
- Sales and Use Tax Exemptions
- Recorder Monthly Report Screenshots
- Recorder Monthly Report FAQ
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Sales and Use Tax Collection

Iowa Code requires recorders to verify that sales or use tax has been paid before issuing registration for off-road vehicles. If this cannot be established and if the purchaser does not have a valid exemption, the recorder must collect the tax.

ATVs, ORVs, Off-road Motorcycles – 321I.4

Snowmobiles – 321G.4

Boats – 462A.55

Sales and Use Tax Collection

Dealers that are in the business of selling tangible personal property are required to have a retail sales tax permit and collect and remit tax on off-road vehicles that they sell.

Sales and Use Tax Collection

Sale price is defined in Iowa Code 423.1(51)

“Sale price” means the total amount of consideration for which personal property or services are sold, leased, or rented.

"Consideration" includes cash, credit, debt, property, and services.

Sales and Use Tax Collection

Boats/Snowmobiles/ATVs Won in Raffle

There is no purchase price, so there is no sales tax due. However, the winner should receive a 1099 from the raffle operator and will report the value of the TPP as income if it is valued at $600 or more. Since boats/snowmobiles/ATVs are usually much more valuable than this, if there is no 1099, it is probably not a legitimate raffle.

Sales and Use Tax Exemptions

Exemptions: Tax Paid to Another State

Iowa Administrative Code 701—30.7

There is an exemption from Iowa use tax for sales, use, or occupational tax paid by the purchaser to another state on tangible personal property brought into Iowa.

If the amount paid to the other state is less than the amount that would have been due to Iowa, the difference is due to Iowa.

Sales and Use Tax Exemptions

Tax Paid to Another State

Iowa Administrative Code 701—30.7

Example A:

A boat is purchased in Minnesota for $10,000 and the purchaser pays a 7 percent sales tax of $700 to Minnesota. The purchaser brings the boat into Iowa to register for use in Iowa. This is how Iowa use tax would be calculated:

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Sales and Use Tax Exemptions

Tax Paid to Another State

Iowa Administrative Code 701—30.7

Example A:

Sale Price of $10,000 x 6% Iowa use tax rate = $600

Minnesota Sales tax paid: $700

Iowa use tax due: $600-$700= -$100 = $0

Sales and Use Tax Exemptions

Tax Paid to Another State

Iowa Administrative Code 701—30.7

Example B:

A boat is purchased in Wisconsin for $10,000 and the purchaser pays a 5 percent sales tax of $500 to Wisconsin. The purchaser brings the boat into Iowa to register for use in Iowa. This is how Iowa use tax would be calculated:

Sales and Use Tax Exemptions

Tax Paid to Another State

Iowa Administrative Code 701—30.7

Example B:

Sale Price of $10,000 x 6% Iowa use tax rate = $600

Wisconsin Sales tax paid: $500

Iowa use tax due: $600-$500=$100

Sales and Use Tax Exemptions

Exemptions: Resale

Iowa Code 423.3(2)

The sales price of sales for resale of tangible personal property are exempt from sales tax.

Iowa Code 321I.22(2)

ATV (and other 321I vehicle) dealers must register with the Department of Natural Resources

Sales and Use Tax Exemptions

Exemptions: Resale

Iowa Code 321I.1(4)

"Dealer" means a person engaged in the business of buying, selling, or exchanging all-terrain vehicles required to be registered under 321I.

Iowa Administrative Code 571—46.22

A person selling at retail more than five all-terrain vehicles during a 12-month period may be presumed to be engaged in the business.

Sales and Use Tax Exemptions

Exemptions: Resale

Anyone reselling tangible personal property either needs to have a sales tax permit, or if they are using a third party service (like an auto auction service) that service provider needs to have a sales tax permit.

Sales and Use Tax Exemptions

Exemptions: Agricultural Production

Iowa Code 423.3(8)

All-terrain vehicles and off-road utility vehicles are exempt when used primarily in agricultural production.

Sales and Use Tax Exemptions

Exemptions: Agricultural Production

The standard for “primarily used” is greater than fifty percent.

The standard used to be “directly and primarily used” but was changed in 2015 by HF616.

Sales and Use Tax Exemptions

Exemptions: Agricultural Production

There is nothing preventing an ATV or UTV from having both an ag production exemption and registration for use on public roads (as allowed by HF2130) provided that the owner maintains greater than fifty percent usage for ag production.

Sales and Use Tax Exemptions

Exemptions: Agricultural Production

Iowa Code 321I.1(16)

Off-road motorcycles are defined separately from all-terrain vehicles and off-road utility vehicles and therefore are not eligible for the agricultural production exemption (even though they are treated the same as ATVs for registration purposes under 321I.1(1)(b).

Sales and Use Tax Exemptions

Exemptions: Casual Sale

Iowa Code 423.3(39)

Exemption for peer to peer non-retail sales.

The casual sale exemption does NOT apply to all-terrain vehicles, snowmobiles, off-road motorcycles, off-road utility vehicles, aircraft, or commercial or pleasure watercraft or water vessels.

Sales and Use Tax Exemptions

Casual Sale Exemption

Iowa Code 423.3(39)

Example A:

A boat and motor are purchased as a package from a private seller (not a retailer). The purchaser presents a bill of sale showing a total of $5,000 paid for the package with itemized amounts of $4,000 for the boat and $1,000 for the motor.

Sales and Use Tax Exemptions

Casual Sale Exemption

Iowa Code 423.3(39)

Example A:

Sales tax is due on the sale price of the boat of $4,000. The sale price of the boat motor of $1,000 is exempt under the casual sale exemption because it was itemized separately from the boat.

Sales and Use Tax Exemptions

Casual Sale Exemption

Iowa Code 423.3(39)

Example B:

A boat and motor are purchased as a package from a private seller (not a retailer). The purchaser presents a bill of sale showing a total of $10,000 paid for the package.

Sales and Use Tax Exemptions

Casual Sale Exemption

Iowa Code 423.3(39)

Example B:

Sales tax is due on the sale price of the package of $10,000. Because the bill of sale isn't itemized, we can't tell how much was for the boat and how much was for the motor. The burden is on the purchaser to show how much was paid for the boat, and how much was paid for the motor.

Sales and Use Tax Exemptions

Exemptions: Trades

Iowa Code 423.3(59)

In transactions in which tangible personal property is traded toward the sales price of other tangible personal property, that portion of the sales price which is not payable in money to the retailer is exempted from the taxable amount if the following conditions are met:

Sales and Use Tax Exemptions

Exemptions: Trades

Iowa Code 423.3(59)

a. The tangible personal property traded to the retailer is the type of property normally sold in the regular course of the retailer's business.

b. The tangible personal property traded to the retailer is intended by the retailer to be ultimately sold at retail or is intended to be used by the retailer or another in the remanufacturing of a like item.

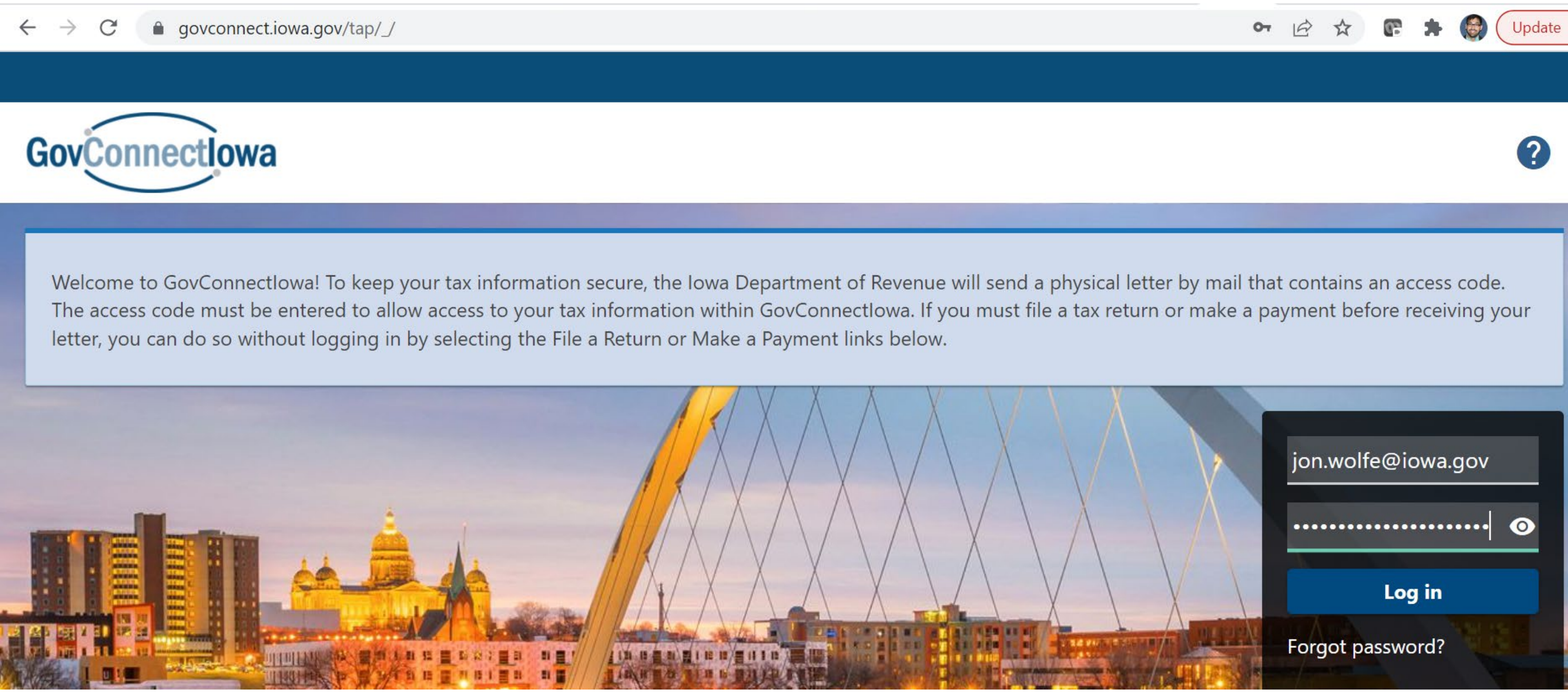
Sales and Use Tax Exemptions

Exemptions: Form

Iowa Sales/Use/Excise Tax Exemption Certificate

https://tax.iowa.gov/sites/default/files/2019-08/IowaSalesTaxExemptionCertificate%2831014%29.pdf

Recorder Monthly Report Screenshots



Recorder Monthly Report Screenshots

Account

3-02-800212

Balance

$0.00

- Make a Payment
- File Returns

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Recorder Monthly Report Screenshots

Returns Periods

Returns

Period	Return	Status	
30-Nov-2021	County Recorder's Monthly Report	Available	File Now

Recorder Monthly Report Screenshots

County Recorder's Monthly Report

Real Estate

Enter Real Estate Transfer Tax

Help

Number of Taxable Transfers	123
Amount of Real Estate Tax Collected	492,000.00
County Portion of Real Estate Tax :	84,870.00
State Portion of Real Estate Tax :	407,130.00

Cancel Save Draft Previous Next

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Recorder Monthly Report Screenshots

County Recorder's Monthly Report

Real Estate

Sales and Use Tax

Enter Boat, Snowmobile, ATV Sales/Use Tax

Help

Amount of Use Tax Collected	2,000.00
Amount of Sales Tax Collected	10,000.00

Cancel Save Draft Previous Next

Recorder Monthly Report Screenshots

County Recorder's Monthly Report

Real Estate — Sales and Use Tax — Local Option Tax

Local Option Tax

Help

Do you have any sales subject to Local Option Sales Tax?

Yes | No

Learn more about Iowa Local Option Tax Information.

Enter Local Option

Help

County	Local Option Tax Amount
Winneshiek County - 96	2,000.00

+ Add a Local Option Sales County

Total

Total Local Option Sales Tax : 2,000.00

Cancel | Save Draft | Previous | Next

Recorder Monthly Report Screenshots

County Recorder's Monthly Report

Real Estate | Sales and Use Tax | Local Option Tax | Surcharges

Enter Surcharges

Help

Boat Liens	24
Boat Titles	36

Totals

Liens Surcharge	:	120.00
Titles Surcharge	:	180.00
Total Surcharges (Liens and Titles)	:	300.00

Cancel | Save Draft | Previous | Next

Recorder Monthly Report Screenshots

County Recorder's Monthly Report

Real Estate | Sales and Use Tax | Local Option Tax | Surcharges | Summary

Review Monthly Report

County Portion of Real Estate Tax	:	84,870.00
State Portion of Real Estate Tax	:	407,130.00
Total Sales and Use Tax	:	12,000.00
Total Local Option Sales Tax	:	2,000.00
Total Surcharges (Liens and Titles)	:	300.00
Total Amount Due	:	**421,430.00**

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Recorder Monthly Report Screenshots

County Recorder's Monthly Report

Estate | Sales and Use Tax | Local Option Tax | Surcharges | Summary | Payment Due

Payment Amount Due $421,430.00

Do you want to schedule a bank account payment now?

Yes | No

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Recorder Monthly Report Screenshots

d Use Tax · Local Option Tax · Surcharges · Summary · Payment Due · Make a Payment

Amount Due: $421,430.00

Please enter the banking information below. The bank account will be debited in 3-5 business days.

Bank Account Information

Type

Domestic Bank

Bank Account Type

- (•) Checking
- ( ) Savings

Routing Number

544343535

Invalid routing number

Format: 999999999

Account Number

47463524568433456

Confirm Account Number

35453454354535435

Payment Information

Pay off your balance for a specific return

Payment Date

24-Nov-2021

Amount

421,430.00

Confirm Amount

421,430.00

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Recorder Monthly Report FAQ

FAQs: File a Return

- Go to govconnect.iowa.gov.
- **Log in** using your username (email address) and password.
- Click **File Returns** located on the **Summary** tab.
- Click **File Return**. If the user has access to file a return, click the **File Now** hyperlink displayed for each account to file the most upcoming return for that account.
- Enter the required return information.
- Make the selection to schedule a payment now or pay later.
  - If **Schedule a Payment with a Bank Account** is selected, the user will be prompted to enter their Bank Account and Payment Information.
  - If **Pay Later** is selected, the remaining balance information is displayed.
- Submit the return.

Recorder Monthly Report FAQ

FAQs: Find a Saved Return Draft

GovConnectIowa users can save their return as a draft and complete it at a later time. The draft will be saved for 30 days.

To view a saved return draft with a GovConnectIowa account:

- Go to govconnect.iowa.gov.
- Log in using your username (email address) and password.
- Navigate to the Action Center and locate the return that has not been completed.
- Select View Submission to return to the saved draft.
- Select Continue Editing.

Recorder Monthly Report FAQ

FAQs: Amend a Return

A user can amend a tax return on GovConnectIowa if the return was filed on GovConnectIowa

To amend a tax return:

- Go to govconnect.iowa.gov.
- Log in using your username (email address) and password.
- On the Summary tab, select File Returns.
- Locate the return that needs to be amended and select View or Amend Return.
- In the top right corner, select Amend to continue.
- Complete the online tax return with your amended figures.
- Select Next.
- Follow the screen prompts to complete the submission process.

Recorder Monthly Report FAQ

FAQs: Make a Payment

Users can submit payments through GovConnectIowa using their bank account or a credit card.

To make a payment with a GovConnectIowa account:

- Navigate to govconnect.iowa.gov. and Log in to your GovConnectIowa account.
- On the Summary tab, locate the account the payment needs to be applied to and select Make a Payment.
- Select the appropriate Payment Type.
- Select the appropriate Account Type.
- Enter the Payment Amount and choose the appropriate method.
- Enter the Bank Account Information and confirm the payment amount.
- Review and submit the payment.

Recorder Monthly Report FAQ

FAQs: Manage Officials

A taxpayer can manage the officials on GovConnectIowa. The customer must be an Administrator to perform this action, otherwise the link will be unavailable.

Note: Any number of officials can be entered on this screen.

- Go to govconnect.iowa.gov.
- Log in to your GovConnectIowa account.
- Navigate to the “More…” tab and select Manage Officials under Names & Addresses.
- Follow the screen prompts to complete the process.
- Review and Submit the information.

Recorder Monthly Report FAQ

FAQs: Become an Administrator

If you are not already an administrator, you will need to fill out and mail a form to the Department of Revenue to become one for your county's account.

https://tax.iowa.gov/sites/default/files/2021-09/RepresentativeCertification%2814108%29_0.pdf

Recorder Monthly Report FAQ

County Recorder's Monthly Report

Real Estate — Sales and Use Tax — Local Option Sales Tax — Surcharges — Real Estate Transfer Tax

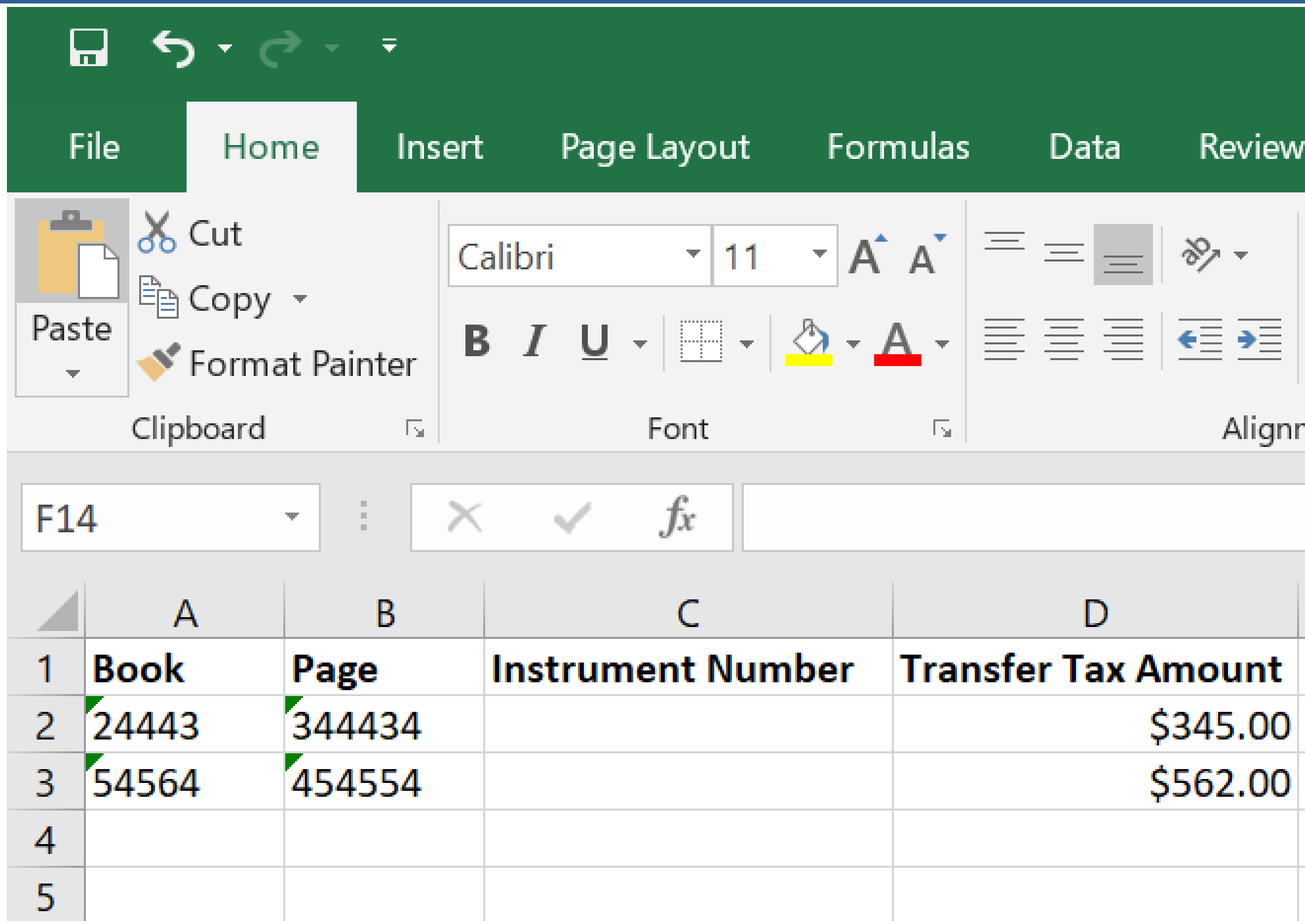
Real Estate Transfer Tax Records

Enter real estate transfer tax records.

Bulk Upload Clear

Book	Page	Instrument Number	Transfer Tax Amount
24443	344434		345.00
54564	454554		562.00

Recorder Monthly Report FAQ



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Declarations of Value

DOV Instructions and Exemptions:

https://tax.iowa.gov/sites/default/files/2022-10/RealEstateTransferDOVInstructions%2857011%29.pdf

Penalties

Iowa Code 423.40(3)

A person who willfully attempts in any manner to evade any tax imposed by this chapter or the payment of the tax or a person who makes or causes to be made a false or fraudulent semimonthly or monthly tax deposit form or return with intent to evade any tax imposed by subchapter II or III or the payment of the tax is guilty of a class “D” felony.

Contacts

Real Estate Transfer Tax Questions (only):

Susan Chambers| susan.chambers@iowa.gov | (515) 474-4002

Sales/Use Tax Questions:

Taxpayer Services | IDR@iowa.gov | (515) 281-3114

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