



Iowa Department of
REVENUE

Retail Sales and Use Taxes
Annual Report
Fiscal Year 2021

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Tax Research Bureau

**IOWA DEPARTMENT OF REVENUE
SALES AND USE TAXES ANNUAL REPORT
FISCAL YEAR 2021
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Foreword

Each fiscal year, July 1 to June 30, the Iowa Department of Revenue publishes a quarterly Retail Sales and Use Tax Report for each of the four quarters ending September 30, December 31, March 31, and June 30. This Retail Sales and Use Taxes Annual Report encompasses data for all four fiscal year 2020 quarters, covering sales between July 1, 2020 and June 30, 2021. Quarterly statistical summaries are also provided on the Department's [website](#).

Tax Collection Distributions: In FY 2021, \$3.5 billion in tax was reported on sales and use tax quarterly and annual returns filed with the Department of Revenue (see Table 1). Of that tax, 74.3% was reported on retail sales tax returns, 18.5% on retailer's use tax returns, and 2.1% on consumer's use tax returns and 5.1% on Remote Seller returns (see Figure 1). There was a decrease in the share associated with retail sales and consumer use sales (remitted by taxpayers who purchase from retailers with no nexus), while there was an increase in the share associated with retailer's use sales (remitted by retailers located outside of Iowa with physical nexus) over last year. The remote sellers (remitted by retailers located outside of Iowa that do not have physical nexus in the state) is a new category that began in January 2019. The data recorded on sales and use tax returns and aggregated in this report only reflect the fiscal year in which the economic activity occurred. In contrast, fiscal year cash receipts include payments that represent economic activity in other fiscal years; thus numbers in this report do not equal cash receipts.

Retail Sales Tax Summary: This section contains a brief history of the development of the Iowa retail sales tax, listing some major legislation that changed the Iowa sales tax base. The remaining pages of the section present various retail sales tax statistics.

Retail sales activity by type of business is classified using the 2007 North American Industry Code Classification System (NAICS). In 1999, the Department of Revenue converted many of the 1987 Standard Industrial Classification (SIC) codes to the appropriate four digit NAICS code. Where an exact match was not possible, the Department attempted to match as closely as possible with the NAICS codes. These tables match presentations of sales and use tax data in prior annual reports. However, between the fourth quarter of fiscal year 2013 and the first quarter in fiscal year 2014 the Department reviewed the business class codes assigned to retailers in the sales and use tax database. In that review, approximately 12 percent of retailers were reassigned to a different business class code to more accurately reflect the type of business in which the business is engaged. These business classes comprise the business groups presented in several tables, thus these reassigned classes impact tables where data are presented by business group. In addition, the Convenience Stores and Gas Stations business class was moved from the Motor Vehicle group to the Food Dealers group. These changes make data in this report not comparable to reports from FY 2013 or prior years. However, the Department has updated historical taxable sales data to be consistent with the current business groups and posted data by county from FY 2000 through this quarter on data.iowa.gov.

Retail Sales Tax Statistics: This section contains various looks at retail sales tax data including taxes by city population, filing frequency, and taxable sales (see Tables 2 through 8).

The following retail sales tax data are included in the MS Excel file: (1) "Retail Sales by County" provides total returns filed, taxable sales and computed tax as well as a count of unique establishments in the county filing at least one return during the fiscal year. (2) "Retail Sales by County and City" provides data for all cities in Iowa where at least 10 permits filed during the fiscal year. The "Other" category provides data for all cities in each county not satisfying the minimum permit requirement and any retailers located in unincorporated areas. (3) "Retail Sales by County and Group" provides data by 12 business groups for each county. Breakouts are provided for each business group within a county where at least 5 or more permits filed in a fiscal year. An "S", representing "Suppressed", is used for any business group that does not have at least 5 permits. (4) "Retail Sales by Business Classification" provides state-wide data by the 12 business groups further broken out into 82 business classifications. In order to protect the confidentiality of individual businesses, information for any business classification with less than 10 permits filed during the fiscal year are aggregated and put in the "Unclassified" category in the "Miscellaneous" group.

Use Tax Summary: This section begins with a history of the development of the Iowa Use Tax followed by a summary of the various types of use taxes.

Use Tax Statistics: This section contains retailer's use and consumer's use tax receipts in Tables 9 through 11.

The spreadsheet contains the following use tax data (1) "Retailer's Use by Business Class" provides sales by out-of-state retailers to Iowa taxpayers by the 12 business groups further broken out into 82 business classifications. In order to protect the confidentiality of individual businesses, information for any business classification with less than 10 permits filed during the fiscal year are aggregated and put in the "Unclassified" category in the "Miscellaneous" group, (2) "Consumer's Use Tax by Business Class" provides purchases by Iowa taxpayers by the 12 business groups further broken out into 82 business classifications. In order to protect the confidentiality of individual businesses, information for any business classification with less than 10 permits filed during the fiscal year are aggregated and put in the "Unclassified" category in the "Miscellaneous" group, (3) "Consumer's Use Tax by County" provides total returns filed, taxable sales and computed tax on returns filed by taxpayers making taxable purchases out-of-state for use in Iowa during the fiscal year. In addition, a summary of Local Hotel and Motel Tax Receipts by jurisdiction and Motor Vehicle Use Fees reported by County Treasurers are also included.

Glossary

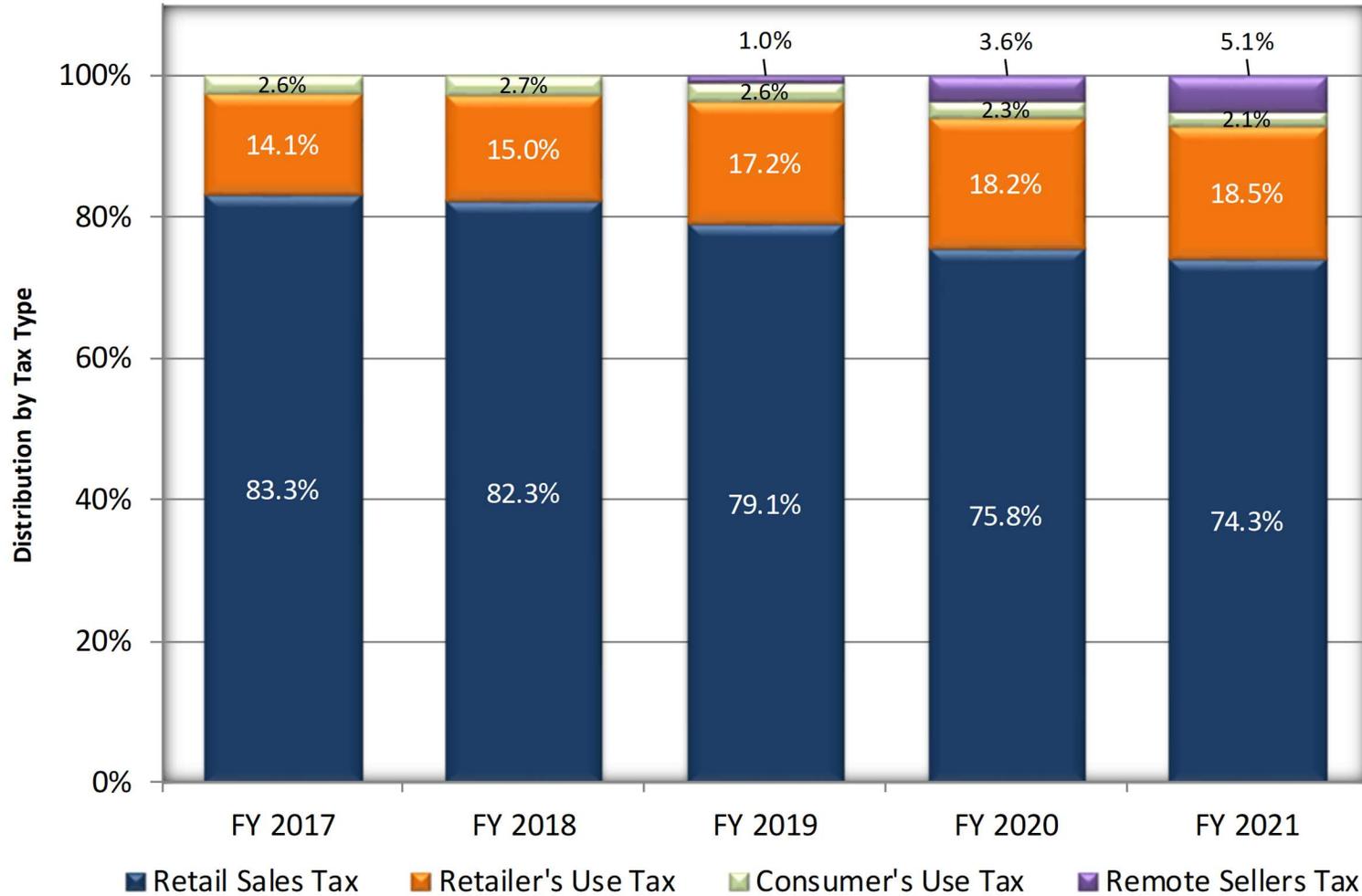
BUSINESS CLASSIFICATION	Business classifications are based on the major type of activity performed by the business. As a result, business classifications may include sales other than normally suggested by the class title. Classifications are based on the 2007 North American Industry Classification System (NAICS).
BUSINESS GROUP	Consolidation of related business classifications into 12 broader business groups.
COMPUTED TAX	The applicable tax rate times the taxable sales.
CONSOLIDATED FILER	A business with multiple locations in Iowa that aggregates sales tax data over all the locations and files a single sales tax return per quarter.
NUMBER OF RETURNS	A count of all quarterly or annual returns filed by a combination of consolidated and nonconsolidated filers during the fiscal year. When state-level data is presented, the number of returns counts each consolidated filer as one return. When county-level and business classification data is presented the number of returns counts each consolidated location separately.
NUMBER OF ESTABLISHMENTS	An establishment is each unique location where business is conducted that filed at least one tax return during the fiscal year. However, the number of establishments includes each separate location of a consolidated filer even if only one return was filed for all of those locations.
OTHER	Includes all businesses located in unincorporated areas of a county and those cities with less than 10 permits filed for the annual report.
TAXABLE SALES	Gross receipts plus the value of taxable goods and services consumed by the business that were purchased tax exempt, minus the amount of tax exempt sales.
UNCLASSIFIED	Includes all businesses where less than 5 permits filed for the applicable business classification during the fiscal year. These are included in the "Miscellaneous" business group.

Table 1. Retail Sales and Use Tax Collections by Tax Type in Millions

	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Retail Sales Tax	\$2,064.7	\$2,080.1	\$2,142.3	\$2,242.0	\$2,295.2	\$2,327.3	\$2,349.5	\$2,396.4	\$2,398.0	\$2,609.8
Retailer's Use Tax	\$317.1	\$347.0	\$360.2	\$381.6	\$371.2	\$392.9	\$428.4	\$522.0	\$577.5	\$651.0
Consumer's Use Tax	\$66.4	\$66.6	\$67.1	\$75.0	\$78.4	\$72.7	\$78.4	\$79.5	\$74.2	\$73.1
Remote Sellers Tax	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$26.9	\$114.7	\$178.5
FY Totals	\$2,448.2	\$2,493.7	\$2,569.6	\$2,698.6	\$2,744.8	\$2,792.9	\$2,856.3	\$3,024.8	\$3,164.4	\$3,512.4

Note: Collections are based on return data filed by businesses, and are not the same as cash receipts

Figure 1. Distribution of Sales and Use Tax Collections by Tax Type for Fiscal Years 2017-2021



History of Iowa Retail Sales Tax

A 6 percent tax is imposed on the gross receipts received from the retail sales of tangible personal property in Iowa and from receipts received for the performance of certain taxable services in Iowa. The amount of gross receipts is adjusted by adding the value of goods consumed by businesses that were purchased tax exempt and subtracting the amount of any exempt sales.

The Iowa sales tax was first imposed in 1934 at the rate of 2 percent. The tax was imposed only on the gross receipts received from the sale of tangible personal property; the sale of metered gas, electricity, water, and communication services; and the sale of admissions to places of amusement or athletic events. The tax was set to sunset in three years. On April 1, 1937 the tax was made permanent and a use tax was imposed. On July 1, 1955 the rate was increased to 2.5 percent. The rate was dropped back to 2 percent on July 1, 1957 but was increased to 3 percent effective October 1, 1967. The rate was increased to 4 percent on March 1, 1983, and to 5 percent on July 1, 1992. The most recent increase to 6 percent was effective July 1, 2008. The one percent increase to 6 percent is dedicated to school infrastructure and property tax relief, but is set to be repealed December 31, 2029.

Since 1934 there have been many changes to the Iowa sales tax base. Some of the major sales tax base expansions are listed below:

- April 24, 1947: Retail sales tax was imposed on sales of all forms of amusement devices and commercial amusement enterprises.
- January 1, 1966: Extended tax to hotel and motel rooms.
- October 1, 1967: Extended tax to certain services.
- July 1, 1971: Sales of all vehicles subject to registration were made subject to use tax.
- July 1, 1985: An exception to the exemption for food for human consumption was made for candy, candy-coated items, certain beverages, and certain prepared food.
- January 1, 2019: Senate File 2417 expanded the sales and use tax base to include additional types of items and services, including digital goods, ride sharing, subscription services, online sellers, online marketplaces, and online travel company websites. In addition, Senate File 2417 imposed new requirements for the collection of sales and use tax on online marketplace facilitators and out-of-state retailers.

Some of the major exemptions are listed below:

- July 1, 1974: The sales of food purchased for home consumption, prescription drugs, and medical devices were exempted.
- July 1, 1979: Sales by cities and counties were exempted except utility services.
- July 1, 1987: Purchases of certain farm and industrial equipment and machinery were exempted.
- January 1, 2002: Phase out of Iowa sales tax on residential utilities was passed at a rate of 1 percent per year until the phase out was completed January 1, 2006.

Year in Review

Summary of FY 2021 Annual Retail Sales Tax Data

Total retail sales computed tax on returns filed for the fiscal year ending June 30, 2021 was \$2,609.8 million, an 8.83 percent increase from the \$2,398.0 million computed in fiscal year 2020 (see Figure 2). The number of quarterly and annual returns filed decreased from 301,444 in fiscal year 2020 to 300,075 in fiscal year 2021, a 0.12 percent decrease (see Table 7).

Summary of FY 2021 Quarterly Retail Sales Tax Data

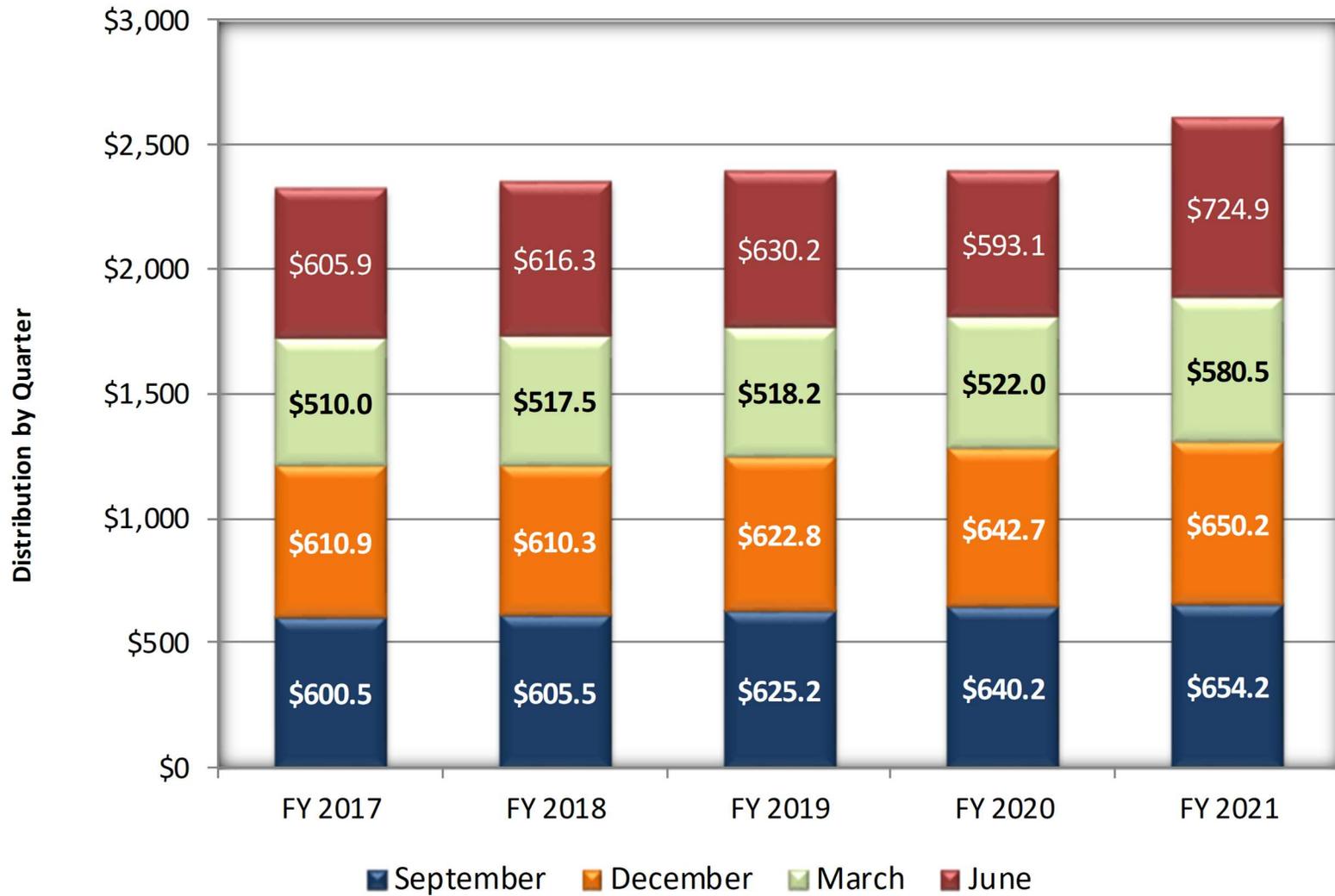
June quarterly sales were up from previous years. The June quarter had the most computed tax, 27.8 percent of the 2021 fiscal year total, with the September quarter second at 25.1 percent (see Table 2).

Table 2. Distribution of Retail Sales Tax Collections by Quarter

	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
September	25.3%	25.6%	25.5%	25.7%	25.7%	25.8%	25.8%	26.1%	26.7%	25.1%
December	26.3%	26.4%	26.2%	26.3%	26.1%	26.2%	26.0%	26.0%	26.8%	24.9%
March	22.7%	22.2%	21.9%	22.1%	22.2%	21.9%	22.0%	21.6%	21.8%	22.2%
June	25.7%	25.8%	26.3%	25.9%	26.0%	26.0%	26.2%	26.3%	24.7%	27.8%
FY Totals	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Note: Collections are based on return data filed by businesses, and are not the same as cash receipts

Figure 2. Retail Sales Tax Collections in Millions by Quarter for Fiscal Years 2017-2021



**Table 3. Retail Sales Tax
by City Population
Fiscal Year 2021**

City Population	Number of Returns	Percent of Returns	Growth in Returns From FY 2020	Computed Tax	Percent of Tax	Growth in Tax From FY 2020
50,000 and Above	76,045	22.03%	0.22%	\$969,274,165	37.14%	6.78%
25,000 to 50,000	33,025	9.57%	0.79%	\$343,825,092	13.17%	10.00%
10,000 to 25,000	35,646	10.32%	1.29%	\$378,445,349	14.50%	9.80%
5,000 to 10,000	46,967	13.60%	-0.13%	\$319,639,921	12.25%	7.52%
2,500 to 5,000	39,961	11.57%	0.23%	\$217,082,934	8.32%	9.97%
1,000 to 2,500	47,738	13.83%	0.08%	\$179,345,763	6.87%	13.10%
500 to 1,000	28,803	8.34%	0.27%	\$87,913,506	3.37%	10.62%
Less than 500	24,519	7.10%	-0.36%	\$74,286,508	2.85%	9.54%
Unincorporated Areas	12,537	3.63%	12.99%	\$40,004,320	1.53%	23.02%
State Totals	345,241		0.69%	\$2,609,817,559		8.83%

Percentages may not equal 100% due to rounding

**Table 4. Retail Sales Tax
by Filing Frequency
Fiscal Year 2021**

Sales Tax Filing Frequency	Number of Quarterly or Annual Returns	Distribution of Quarterly or Annual Returns	Growth in Quarterly or Annual Returns From FY 2019	Computed Tax	Distribution of Quarterly or Annual Computed Tax	Growth in Tax From FY 2019
Semi-Monthly	38,413	11.13%	0.81%	\$1,604,899,222	61.49%	7.17%
Monthly	96,689	28.01%	-0.53%	\$778,809,463	29.84%	10.84%
Quarterly	189,282	54.83%	-0.34%	\$217,293,811	8.33%	14.90%
Annual & Other	20,857	6.04%	-2.44%	\$8,815,063	0.34%	1.61%
Total	345,241	100.0%	-0.40%	\$2,609,817,559	100.00%	8.83%

Notes:

Semi-Monthly: Businesses that remit more than \$60,000 per year are required to remit tax receipts electronically twice per month the last payment is due when the quarterly return is filed.

Monthly: Businesses that remit more than \$6,000 but less than \$60,000 per year are required to remit tax receipts once per month the last payment is due when the quarterly return is filed.

Quarterly: Businesses that remit more than \$120 but less than \$6,000 per year are required to remit tax receipts with each quarterly return.

Annual & Other: Businesses that remit less than \$120 per year are required to file an annual return.

**Table 5. Retail Taxable Sales and Tax
by Amount of Taxable Sales Reported on Quarterly or Annual Returns
Fiscal Year 2021**

Amount of Taxable Sales	Number of Returns	Taxable Sales	Computed Tax	Percent of Tax
\$0-\$499	77,971	\$3,857,483	\$228,594	0.01%
\$500-\$999	11,800	\$8,675,176	\$515,950	0.02%
\$1,000-\$1,999	16,770	\$24,619,441	\$1,466,700	0.06%
\$2,000-\$2,999	12,416	\$30,646,923	\$1,828,691	0.07%
\$3,000-\$3,999	9,895	\$34,337,397	\$2,049,958	0.08%
\$4,000-\$4,999	8,214	\$36,822,706	\$2,199,563	0.08%
\$5,000-\$9,999	28,422	\$205,475,405	\$12,285,552	0.47%
\$10,000-\$24,999	35,867	\$583,377,142	\$34,882,711	1.34%
\$25,000-\$49,999	25,695	\$925,107,979	\$55,331,093	2.12%
\$50,000-\$99,999	24,418	\$1,750,649,844	\$104,596,445	4.01%
\$100,000-\$249,999	26,043	\$4,131,734,956	\$246,056,130	9.43%
\$250,000-\$499,999	11,986	\$4,167,165,011	\$247,791,710	9.49%
\$500,000-\$999,999	5,773	\$3,988,383,234	\$237,237,075	9.09%
\$1,000,000-\$1,999,999	2,563	\$3,521,153,394	\$210,338,874	8.06%
\$2,000,000-\$4,999,999	1,343	\$4,060,768,786	\$242,820,054	9.30%
\$5,000,000-\$9,999,999	559	\$3,881,564,109	\$232,455,387	8.91%
\$10,000,000 and Above	340	\$16,312,289,013	\$977,733,071	37.46%
State Totals	300,075	\$43,666,627,999	\$2,609,817,559	100.00%

Percentages may not sum to totals due to rounding.

The total number of returns does not equal totals presented in the other tables of the report because consolidated returns are counted as only one return in this table.

**Table 6. Total Retail Sales and Exempt Sales
by Amount of Total Sales Reported on Quarterly or Annual Returns
Fiscal Year 2021**

Amount of Total Sales	Number of Returns	Total Sales	Percent of Total Sales	Exempt Sales	Exempt Sales as Percent of Total Sales
\$0-\$499	65,103	\$3,137,093	0.00%	\$225,269	7.18%
\$500-\$999	9,863	\$7,256,823	0.00%	\$538,775	7.42%
\$1,000-\$1,999	14,437	\$21,237,053	0.01%	\$1,758,835	8.28%
\$2,000-\$2,999	10,805	\$26,714,450	0.02%	\$2,329,943	8.72%
\$3,000-\$3,999	8,726	\$30,309,266	0.02%	\$2,855,979	9.42%
\$4,000-\$4,999	7,335	\$32,881,203	0.02%	\$3,468,087	10.55%
\$5,000-\$9,999	26,102	\$189,140,210	0.13%	\$22,748,055	12.03%
\$10,000-\$24,999	34,389	\$561,206,061	0.38%	\$96,278,698	17.16%
\$25,000-\$49,999	26,000	\$940,083,034	0.63%	\$208,193,985	22.15%
\$50,000-\$99,999	25,797	\$1,856,069,125	1.25%	\$458,932,785	24.73%
\$100,000-\$249,999	30,372	\$4,884,488,042	3.29%	\$1,468,977,382	30.07%
\$250,000-\$499,999	16,644	\$5,852,798,144	3.94%	\$2,236,672,513	38.22%
\$500,000-\$999,999	10,135	\$7,102,269,421	4.78%	\$3,521,930,249	49.59%
\$1,000,000-\$1,999,999	5,891	\$8,276,375,653	5.57%	\$5,088,620,262	61.48%
\$2,000,000-\$4,999,999	4,406	\$13,679,804,752	9.20%	\$9,694,902,659	70.87%
\$5,000,000-\$9,999,999	2,046	\$14,453,701,300	9.72%	\$10,678,590,165	73.88%
\$10,000,000 and Above	2,024	\$90,731,879,554	61.04%	\$71,495,699,544	78.80%
State Totals	300,075	\$148,649,351,184	100.00%	\$104,982,723,185	70.62%

Total Sales =Gross Sales+Goods Consumed

Gross Sales are all sales of a business.

Goods Consumed are goods originally purchased tax free by a business for direct resale or to be incorporated for resale but were used in the course of business or for personal use.

Exempt sales are sales made by the business in which sales tax was not required to be charged.

Taxable Sales=(Gross Sales+Goods Consumed-Exempt Sales)

The total number of returns does not equal totals presented in the other tables. of the report because consolidated returns are counted as only one return in this table.

**Table 7. Retail Sales Tax
by Amount of Tax Due Reported on Quarterly or Annual Returns
Fiscal Year 2021**

Amount of Tax Due	Number of Returns	Percent of Returns	Growth in Returns From FY 2020	Computed Tax	Growth in Percent of Tax	Percent Tax From FY 2020
\$0 - \$24	75,852	25.28%	2.45%	\$170,621	0.01%	-8.61%
\$25 - \$49	10,535	3.51%	-10.84%	\$388,211	0.01%	-9.92%
\$50 - \$99	15,394	5.13%	-9.78%	\$1,129,869	0.04%	-9.01%
\$100 - \$149	11,704	3.90%	-6.67%	\$1,450,772	0.06%	-6.11%
\$150 - \$199	9,334	3.11%	-10.72%	\$1,627,460	0.06%	-9.62%
\$200 - \$249	7,714	2.57%	-11.01%	\$1,729,828	0.07%	-9.89%
\$250 - \$499	27,526	9.17%	-4.97%	\$10,005,751	0.38%	-4.48%
\$500 - \$999	27,925	9.31%	-1.03%	\$20,078,892	0.77%	-0.88%
\$1,000 - \$1,499	15,486	5.16%	1.39%	\$19,034,070	0.73%	1.24%
\$1,500 - \$1,999	10,751	3.58%	0.10%	\$18,688,642	0.72%	0.11%
\$2,000 - \$2,499	8,375	2.79%	0.56%	\$18,798,100	0.72%	0.80%
\$2,500 - \$2,999	6,613	2.20%	-0.18%	\$18,120,653	0.69%	-0.31%
\$3,000 - \$3,999	10,462	3.49%	1.15%	\$36,369,099	1.39%	1.17%
\$4,000 - \$4,999	7,834	2.61%	1.26%	\$35,110,079	1.35%	1.27%
\$5,000 - \$9,999	22,031	7.34%	3.09%	\$156,744,896	6.01%	3.50%
\$10,000 - \$24,999	19,681	6.56%	7.11%	\$307,425,359	11.78%	8.45%
\$25,000 - \$49,999	6,983	2.33%	9.42%	\$241,109,713	9.24%	10.57%
\$50,000 - \$99,999	3,180	1.06%	11.51%	\$219,274,748	8.40%	13.28%
\$100,000 - \$199,999	1,394	0.46%	4.38%	\$194,121,487	7.44%	6.48%
\$200,000 - \$499,999	850	0.28%	0.24%	\$270,029,816	10.35%	1.66%
\$500,000 - \$999,999	258	0.09%	13.95%	\$170,861,585	6.55%	13.58%
\$1,000,000 and Above	193	0.06%	13.47%	\$867,547,908	33.24%	12.62%
State Totals	300,075	100.00%	-0.46%	\$2,609,817,559	100.00%	8.83%

Percentages may not sum to totals due to rounding.

The total number of returns does not equal totals presented in the other tables of the report because consolidated returns are counted as only one return in this table.

**Table 8. Change in Retail Sales Tax Returns, Establishments and Computed Tax
by Business Group for Fiscal Years 2020 and 2021**

Business Group	Number of Returns			Number of Establishments			Computed Tax		
	FY 2020	FY 2021	Percent Change	FY 2020	FY 2021	Percent Change	FY 2020	FY 2021	Percent Change
	Apparel	6,702	6,930	3.40%	2,060	2,198	6.70%	\$50,242,383	\$58,608,143
Building Materials	5,471	5,432	-0.71%	1,589	1,596	0.44%	\$192,784,431	\$228,465,707	18.51%
Eating and Drinking	31,279	31,418	0.44%	8,752	8,688	-0.73%	\$255,284,369	\$271,259,240	6.26%
Food Dealers	12,018	12,131	0.94%	3,346	3,255	-2.72%	\$228,088,149	\$242,905,123	6.50%
General Merchandise	3,357	3,518	4.80%	974	1,058	8.62%	\$275,219,015	\$288,605,660	4.86%
Home Furnishings	5,171	4,977	-3.75%	1,551	1,496	-3.55%	\$67,510,925	\$79,503,768	17.76%
Miscellaneous	50,778	50,435	-0.68%	16,035	15,534	-3.12%	\$216,168,532	\$223,870,208	3.56%
Motor Vehicle	9,208	9,441	2.53%	2,622	2,555	-2.56%	\$127,835,724	\$140,697,038	10.06%
Services	132,599	130,423	-1.64%	39,050	37,687	-3.49%	\$322,976,559	\$332,089,650	2.82%
Specialty Retail	56,481	56,151	-0.58%	22,381	21,625	-3.38%	\$189,953,521	\$232,587,511	22.44%
Utilities and Transportation	16,773	17,612	5.00%	4,319	4,665	8.01%	\$230,131,688	\$231,533,203	0.61%
Wholesale	16,774	16,773	-0.01%	4,762	4,755	-0.15%	\$241,812,216	\$279,692,306	15.67%
State Totals	346,611	345,241	-0.40%	107,441	105,112	-2.17%	\$2,398,007,513	\$2,609,817,559	8.83%

The number of returns counts total quarterly or annual returns filed by businesses. The number of establishments counts the unique number of businesses that filed at least one return during the fiscal year.

Computed tax equals taxable goods and services subject to the 6% State sales tax multiplied by that rate plus hotel/motel room rentals and qualified construction equipment purchases subject to the 5% State excise tax multiplied by that rate.

History of Iowa Use Taxes

Effective July 1, 2008, Iowa raised the use tax to 6 percent of the purchase price of tangible personal property which is purchased outside of Iowa for use in Iowa. The tax is also owed on taxable services purchased outside of Iowa when such services or the result of such services are used in Iowa.

A use tax was first imposed in Iowa in 1937 in conjunction with the permanent adoption of the sales tax. Since its adoption, the development of the use tax has generally paralleled that of the sales tax both in terms of tax base and rates. Credits are provided, however, against the amount of use tax due in Iowa for any sales, use, or occupational taxes paid to another state.

Iowa use tax is collected under two complementary use taxes: Retailer's Use Tax and Consumer's Use Tax. Beginning July 1, 2008 the Motor Vehicle Use Tax was replaced with a one-time registration fee on new and used vehicles.

(1) Retailer's Use Tax is collected by registered retailers from the purchaser on the sale of all taxable tangible property and services. Retailers located outside of the State who maintain a place of business in Iowa are required to register with the Department of Revenue and collect the tax on all sales made into Iowa.

(2) Consumer's Use Tax is paid by individuals or businesses that purchase taxable goods or services outside of Iowa for use in the State. Individuals or businesses that regularly purchase taxable goods or services of property on which the tax has not been paid are required to file a quarterly Consumer's Use Tax return in conjunction with payment of the tax. Individuals who make occasional taxable purchases for use in Iowa are also required to remit Consumer's Use Tax, but do not need to register for a use tax permit.

(3) A 5 percent one-time registration fee is imposed on the sale of new and used motor vehicles which are subject to registration in Iowa. The tax is imposed on the taxable price which is the delivered price less cash discounts and the value of any traded property. Payment of the tax is made to the County Treasurer where the vehicle is registered. Credits are also provided for sales or use taxes paid on motor vehicles to other states.

**Table 9. Iowa Use Taxes
Fiscal Year 2021**

Retailer's Use Tax by Business Group					
Business Group	Number of Returns	Percent of Returns	Taxable Sales	Computed Tax	Percent of Tax
Apparel	777	1.33%	\$219,563,911	\$13,173,791	2.02%
Building Materials	1,011	1.73%	\$166,842,019	\$10,010,521	1.54%
Eating and Drinking	395	0.68%	\$10,133,276	\$607,997	0.09%
Food Dealers	299	0.51%	\$56,977,712	\$3,418,663	0.53%
General Merchandise	188	0.32%	\$79,940,904	\$4,796,454	0.74%
Home Furnishings	1,165	2.00%	\$143,069,394	\$8,584,164	1.32%
Miscellaneous	14,837	25.42%	\$1,157,113,070	\$69,426,784	10.67%
Motor Vehicle	719	1.23%	\$64,863,325	\$3,867,517	0.59%
Services	13,939	23.89%	\$2,044,645,336	\$122,652,593	18.84%
Specialty Retail	14,018	24.02%	\$4,280,944,218	\$256,840,478	39.45%
Utilities and Transportation	2,485	4.26%	\$1,203,540,503	\$72,212,430	11.09%
Wholesale	8,524	14.61%	\$1,425,263,153	\$85,383,457	13.12%
State Totals	58,357	100.00%	\$10,852,896,821	\$650,974,849	100.00%

Computed tax equals taxable goods and services subject to the 6% State sales tax multiplied by that rate plus hotel/motel room rentals and qualified construction equipment purchases subject to the 5% State excise tax multiplied by that rate.

**Comparison of Use Taxes
Fiscal Year 2020 and 2021**

Use Tax	2020	2021	Percentage Change
Retailer's			
Number of Returns	60,322	58,357	-3.26%
Computed Tax	\$577,474,929	\$650,974,849	12.73%
Consumer's			
Number of Returns	26,545	26,416	-0.49%
Computed Tax	\$74,176,625	\$73,113,071	-1.43%
Motor Vehicle			
Number of Units	1,006,499	990,568	-1.58%
Fee	\$356,187,224	\$435,426,281	22.25%

**Table 10. Retailer's Use Tax
by Amount of Tax Due on Quarterly or Annual Returns
Fiscal Year 2021**

Amount of Tax Due	Number of Returns	Percent of Returns	Computed Tax	Percent of Tax	Growth in Tax From FY 2020 to FY 2021
\$0 - \$24	24,345	41.72%	\$25,654	0.00%	-13.36%
\$25 - \$49	1,424	2.44%	\$51,892	0.01%	-20.53%
\$50 - \$99	1,965	3.37%	\$144,273	0.02%	-14.21%
\$100 - \$149	1,530	2.62%	\$188,954	0.03%	-14.28%
\$150 - \$199	1,220	2.09%	\$212,927	0.03%	-10.60%
\$200 - \$249	1,008	1.73%	\$225,519	0.03%	-10.29%
\$250 - \$499	3,584	6.14%	\$1,297,630	0.20%	-7.50%
\$500 - \$999	4,085	7.00%	\$2,956,818	0.45%	-6.15%
\$1,000 - \$1,499	2,523	4.32%	\$3,112,885	0.48%	-4.75%
\$1,500 - \$1,999	1,798	3.08%	\$3,127,859	0.48%	-4.68%
\$2,000 - \$2,499	1,298	2.22%	\$2,905,722	0.45%	-3.74%
\$2,500 - \$2,999	1,082	1.85%	\$2,972,225	0.46%	-3.81%
\$3,000 - \$3,999	1,692	2.90%	\$5,857,004	0.90%	-4.40%
\$4,000 - \$4,999	1,257	2.15%	\$5,638,510	0.87%	-3.44%
\$5,000 - \$9,999	3,405	5.83%	\$24,225,682	3.72%	0.02%
\$10,000 - \$24,999	3,152	5.40%	\$49,393,436	7.59%	-2.34%
\$25,000 - \$49,999	1,318	2.26%	\$46,176,376	7.09%	-3.48%
\$50,000 - \$99,999	871	1.49%	\$61,526,415	9.45%	2.78%
\$100,000 and Above	800	1.37%	\$440,935,067	67.73%	20.86%
State Totals	58,357		\$650,974,849		12.73%

**Table 11. Consumer's Use Tax
by Amount of Tax Due on Quarterly or Annual Returns
Fiscal Year 2021**

Amount of Tax Due	Number of Returns	Percent of Returns	Computed Tax	Percent of Tax	Growth in Tax From FY 2020 to FY 2021
\$0 - \$24	14,302	54.14%	\$24,543	0.03%	-4.44%
\$25 - \$49	1,269	4.80%	\$46,408	0.07%	-2.26%
\$50 - \$99	1,511	5.72%	\$110,671	0.16%	-3.13%
\$100 - \$149	847	3.21%	\$104,527	0.19%	-16.50%
\$150 - \$199	723	2.74%	\$125,549	0.17%	-5.06%
\$200 - \$249	547	2.07%	\$122,648	0.17%	-1.38%
\$250 - \$499	1,645	6.23%	\$593,570	0.87%	-4.92%
\$500 - \$999	1,484	5.62%	\$1,055,552	1.50%	-2.16%
\$1,000 - \$1,499	742	2.81%	\$912,382	1.34%	-2.62%
\$1,500 - \$1,999	471	1.78%	\$818,888	1.23%	-2.41%
\$2,000 - \$2,499	319	1.21%	\$712,129	1.06%	-7.12%
\$2,500 - \$2,999	237	0.90%	\$647,600	0.98%	-16.10%
\$3,000 - \$3,999	358	1.36%	\$1,246,888	1.70%	-6.93%
\$4,000 - \$4,999	249	0.94%	\$1,112,564	1.56%	-6.12%
\$5,000 - \$9,999	726	2.75%	\$5,146,192	6.67%	5.61%
\$10,000 - \$24,999	605	2.29%	\$9,285,573	13.23%	-5.62%
\$25,000 - \$49,999	195	0.74%	\$6,688,827	9.94%	-14.12%
\$50,000 - \$99,999	84	0.32%	\$5,820,598	9.51%	-7.87%
\$100,000 and Above	102	0.39%	\$38,537,959	49.61%	3.47%
State Totals	26,416		\$73,113,071		-1.43%

**Table 12. Remote Sellers Tax
by Amount of Tax Due on Quarterly or Annual Returns
Fiscal Year 2021**

Amount of Tax Due	Number of Returns	Percent of Returns	Computed Tax	Percent of Tax	Growth in Tax From FY 2020 to FY 2021
\$0 - \$24	36,982	51.43%	\$46,323	0.03%	72.17%
\$25 - \$49	2,472	3.44%	\$90,206	0.05%	88.66%
\$50 - \$99	3,225	4.49%	\$235,855	0.13%	100.77%
\$100 - \$149	2,255	3.14%	\$279,007	0.16%	92.24%
\$150 - \$199	1,787	2.49%	\$310,730	0.17%	94.75%
\$200 - \$249	1,384	1.92%	\$309,654	0.17%	77.13%
\$250 - \$499	4,772	6.64%	\$1,736,726	0.97%	75.33%
\$500 - \$999	5,400	7.51%	\$3,871,368	2.17%	86.48%
\$1,000 - \$1,499	2,841	3.95%	\$3,482,327	1.95%	79.85%
\$1,500 - \$1,999	1,941	2.70%	\$3,370,016	1.89%	86.56%
\$2,000 - \$2,499	1,323	1.84%	\$2,952,260	1.65%	74.08%
\$2,500 - \$2,999	982	1.37%	\$2,690,592	1.51%	75.58%
\$3,000 - \$3,999	1,326	1.84%	\$4,569,507	2.56%	74.23%
\$4,000 - \$4,999	872	1.21%	\$3,893,590	2.18%	83.59%
\$5,000 - \$9,999	2,003	2.79%	\$13,958,008	7.82%	79.16%
\$10,000 - \$24,999	1,338	1.86%	\$20,620,670	11.55%	54.23%
\$25,000 - \$49,999	530	0.74%	\$18,675,285	10.46%	50.14%
\$50,000 - \$99,999	280	0.39%	\$19,064,782	10.68%	71.28%
\$100,000 and Above	189	0.26%	\$78,315,914	43.88%	43.71%
State Totals	71,902		\$178,472,822		55.63%