

# **IOWA SALES and USE TAXES**

**How location of seller and means of  
delivery determine when Iowa  
sales/use tax applies**

**Questions?**

**Call 1-800-367-3388 (Iowa, Omaha, Rock Island, Moline)  
or 515/281-3114 or e-mail [idr@iowa.gov](mailto:idr@iowa.gov)**

**To determine which, if any, tax applies, consider the following:**

**TRANSACTION**

**A. Interstate**

**B. Intrastate**

**SALES TAX**

**IF “INTERSTATE,” THEN CONSIDER DELIVERY MODE:**

**1. Vendor’s Vehicle**

**SALES TAX**

**2. Common Carrier**

**IF “COMMON CARRIER,” THEN CONSIDER:**

**1. With no F.O.B. or F.A.S.**

**USE TAX**

**2. With F.O.B. or F.A.S.**

**IF WITH F.O.B. or F.A.S., THEN CONSIDER:**

**1. Origination**

**USE TAX**

**2. Destination**

**SALES TAX**

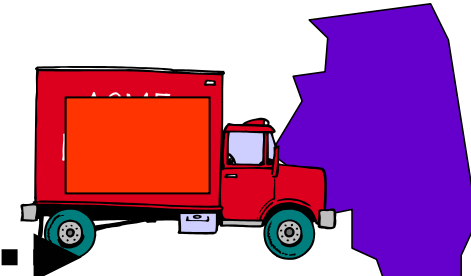
# USE TAX GUIDE

## Example 1



Ames, Iowa

Iowa purchaser picks up merchandise  
at out-of-state retailer's business



Illinois

If Illinois does not tax – Iowa  
Consumer's USE is due  
(no local option)

## Example 2



Oskaloosa,  
Iowa

Out-of-state retailer delivers  
merchandise to Iowa  
in company vehicle



Nebraska

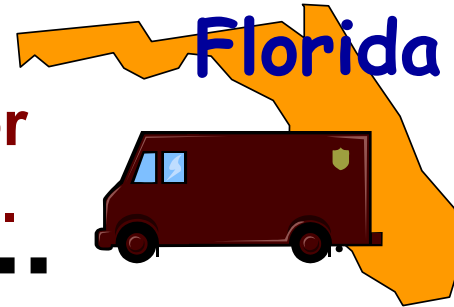
Iowa Sales Tax remitted on  
Retailer's Use Tax form  
(local option is collected)

### Example 3



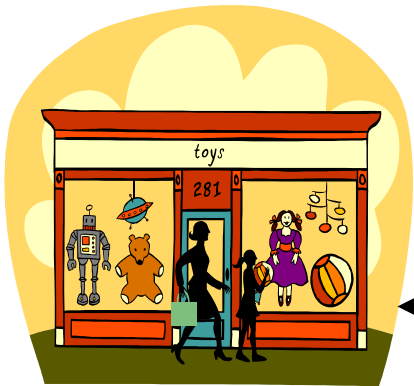
Webster City

Merchandise is placed in the mail or on a common carrier with no F.O.B.



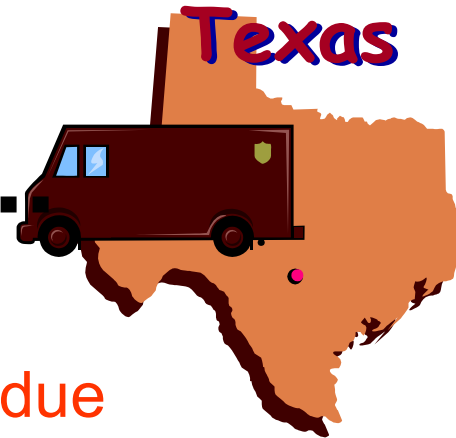
If Florida retailer does not collect Retailer's Use Tax, Iowa Consumer's Use Tax is due (no local option)

### Example 4



Osceola, Iowa

Merchandise is placed on common carrier with F.O.B. to Iowa.



F.O.B. point will determine whether Sales Tax or Iowa Use Tax is due (If it is "sales tax," local option is due. If it is "use tax," local option does not apply.)

# Iowa Purchaser/Out of State Vendor

Example 5

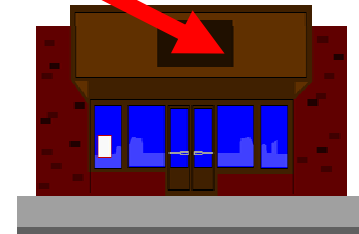
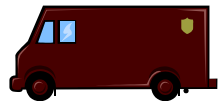


(1) Illinois Retailer receives order from Iowa customer

(2) Places order with Iowa supplier to ship BY COMMON CARRIER or MAIL directly to customer with no F.O.B. or F.A.S.



Iowa Customer



Iowa Supplier

Iowa Use Tax (no local option)

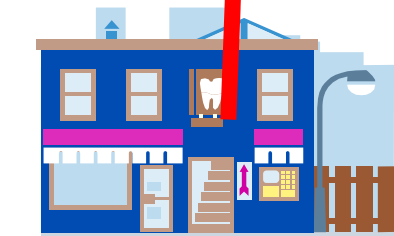
# Iowa Purchaser/Out of State Vendor

Example 6

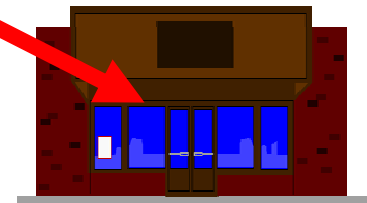
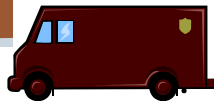


(1) Illinois Retailer receives order from Iowa customer

(2) Places order with Iowa supplier to ship BY COMMON CARRIER with F.O.B. or F.A.S.



Iowa Customer



Iowa Supplier



**F.O.B. point determines if it is Sales Tax or Iowa Use Tax**  
(local option will apply if sales tax and will not apply if use tax)

# Iowa Purchaser/Out of State Vendor

Example 7

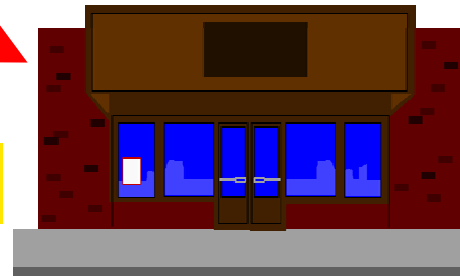
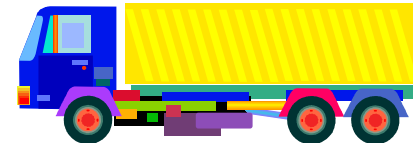


(1) Illinois Retailer receives order from Iowa customer

(2) Places order with Iowa supplier to ship directly to customer by supplier's vehicle



Iowa Customer



Iowa Supplier



**Iowa Sales Tax (local option tax applies)**

# Iowa Purchaser/Out-of-State Vendor

Example 8



1. Nebraska sales rep visits Iowa customer and takes an order at Iowa customer's place of business.

3. Order is mailed or shipped by common carrier with NO F.O.B. to Iowa customer

2. Sales rep calls or faxes order to home office in NE



Iowa Customer

**Iowa Use Tax (no local option tax)**



# Iowa Vendor and Purchaser

Example 9



**Iowa Retailer**

(1) Receives order from Iowa customer

(2) Places order with out-of-state supplier to ship directly to customer



**Iowa Customer**



**Illinois Supplier**

**Iowa Sales Tax (local option tax applies)**