

Do I need to pay this?

Consumer's Use Tax

Tax information for businesses
from the

IOWA  Department of **REVENUE**

What is Consumer's Use Tax?

Consumer's Use Tax
is a tax on the use of
taxable goods or services in Iowa
when sales tax has not been paid.

The rate is **6%**.

Is this the same as Sales Tax?

No.

Taxable goods or services
used in Iowa
are subject to either sales or use tax,
but not both.

What Types of Purchases are Subject to Consumer's Use Tax?

Typically,
consumer's use tax is due
when purchases
are made from
an out-of-state seller.

This includes purchases made by:

- Internet
- mail order catalogs
- 1- 800 numbers
- magazine subscriptions
- untaxed purchases made in another state and shipped or brought into Iowa.

Who Owes Consumer's Use Tax?

Businesses
that make these types of purchases
are required to pay
consumer's use tax to the
Iowa Department of Revenue.

What if I Paid Tax in Another State?

If sales tax on the purchase has already been paid to another state,
no additional tax is due to Iowa
if the tax paid is the same or more than 6%.

If the other state's tax is less than 6%,
the buyer owes Iowa the difference.

Example: When Consumer's Use Tax is Due on Tangible Goods

A business purchases furniture and office supplies from a vendor in another state who is not required to collect Iowa tax.

The Iowa business does not resell these items, but uses them.

If sales or use tax was not paid when these items were purchased, the business owes consumer's use tax to Iowa.

Example: When Consumer's Use Tax is Due on Taxable Services

An Iowa business has a vehicle repaired out-of-state.

If the out-of-state vendor did not collect tax on the transaction, then Iowa consumer's use tax is due upon the vehicle's return to Iowa.
(vehicle repair is a taxable service in Iowa)

How Do Businesses Pay Consumer's Use Tax?

- Businesses that make taxable purchases **on a regular basis** should apply for a **consumer's use tax permit**.
- Some businesses only make purchases subject to Iowa consumer's use tax **occasionally**. In this case, businesses should **pay their tax in one of the following ways**:
 - Report the purchases on line 2 Goods Consumed of their quarterly sales tax return
 - Electronically through [eFile & Pay](#)
 - Complete the worksheet [available on the Department's Web site](#) and send to:

Iowa Department of Revenue

P.O. Box 10412

Des Moines, IA 50306-0412

Make check payable to: "Treasurer State of Iowa"

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How Do I Apply for a Permit?

- Complete the online [Business Tax Registration](#).
- There is no fee.

Once I Have a Permit How Do I File Returns?

- Iowa sales and use tax returns are filed electronically through [eFile & Pay](#).
- Consumer's use tax is filed either quarterly or annually.
- See [Filing Frequencies and Return Due Dates](#) for more details.

Are Purchases Subject to Consumer's Use Tax also Subject to Local Option Tax?

No.

Local option tax is *not* due
in addition to consumer's use tax.

Questions?

- More information can be found in [Iowa Consumer's Use Tax](#)
- Call us: 8 a.m. - 4:15 p.m. CT
515-281-3114 or
1-800-367-3388 (Iowa, Omaha, Rock Island, Moline)
- E-mail us at idr@iowa.gov