



State Excise Tax on Certain Construction Equipment

Information for businesses
from the

IOWA  Department of **REVENUE**

What is Meant by “Certain Construction Equipment?”

- self-propelled building equipment;
- pile drivers;
- motorized scaffolding;
- auxiliary attachments which improve the performance, safety, operation, or efficiency of the equipment; and
- replacement parts.



What Is the State Excise Tax Rate?

The rate is **5%** on the purchase of this certain construction equipment, and applies everywhere in the State of Iowa.

Are There Any Exemptions From the Excise Tax?

Yes.

The lease or rental of equipment to contractors for direct and primary use in construction is exempt from the tax.

Is This Certain Construction Equipment Subject to Sales Tax and Local Option Sales Tax?

No.

It is not subject to Iowa sales tax or local option tax.

Do I Need a Special Permit to Collect the Excise Tax?

No.

The state sales or use tax permit is the only permit required.

How Do I Report and Pay the Excise Tax?

- The excise tax on certain construction equipment is reported and paid to the State of Iowa along with the state sales or use tax.
- Retailers show a breakdown of the excise tax on their sales or use tax quarterly returns.
- Tax returns are filed electronically through the Department's online service [eFile & Pay](#).

Questions?

- 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