



Local Option Sales Tax

Information for businesses
from the

IOWA  Department of **REVENUE**

What is Local Option Sales Tax (LOST)?

LOST is an additional **1%** sales tax that can be imposed by Iowa counties and cities.

Who Determines if a County or City has LOST?

The voters in each jurisdiction (county/city) decide if LOST will be imposed in their area.

When Can LOST Begin?

A jurisdiction may begin the tax on
January 1 or July 1.

Is LOST Imposed in the Entire County?

Within a county, some cities may have the local option tax, some may not.

Also, the unincorporated rural area of a county may or may not have the tax.

How Do I Know if a Jurisdiction Has LOST?

For lists of jurisdictions with LOST,
see [Iowa Local Option Tax
Information.](#)

On What Types of Sales Does LOST Apply?

LOST generally applies to the
**same sales that are subject to
state sales tax.**

Are There Any Exceptions?

Yes, the following are not subject to LOST:

- room rentals, in a hotel, motel, or other similar facility
- sales of equipment by the State Department of Transportation
- sales of natural gas or electric energy subject to a city- or county-imposed franchise fee or users fee
- the sale of direct-to-home satellite pay television service
- self-propelled building equipment, pile drivers, motorized scaffolding, or attachments customarily drawn or attached to them, including auxiliary attachments which improve their performance, safety, operation, or efficiency and including replacement parts used by contractors, subcontractors and builders for new construction, reconstruction, alterations, expansion or remodeling of real property or structures
- registered vehicles are subject to a 5 percent one-time registration fee rather than a state sales tax / LOST. However, the receipts from the rental of cars and trucks can be subject to LOST. Also, sales of parts and repair services are subject to tax.

Can LOST be Imposed When State Sales Tax Isn't?

No.

There is one exception. LOST can be imposed on residential energy on which the state sales tax has been phased out, but on which LOST still applies.

When Do I Need to Collect LOST on Sales of Tangible Goods?

LOST applies when taxable goods are **delivered in a jurisdiction** imposing the tax.

For delivery examples, see [Delivery: When to Charge Tax \(pdf\)](#)

When Do I Need to Collect LOST on Sales of Taxable Services?

LOST applies when the **first use** of taxable services occurs, or potentially could occur, **in a jurisdiction imposing the tax.**

What About Utilities?

The following are subject to LOST if the **billing address** of the subscriber is located in a LOST jurisdiction:

- Gas
- Water
- Electricity
- Heat
- Communication
- Pay television

Does LOST Apply to Use Tax?

No.

LOST is a sales tax. There is no local option use tax.

See [Destination Sourcing Taxation Rules](#) for details.

Do I Need a Special Permit to Collect LOST?

No.

The state sales / retailer's use tax permit is the only permit required.

How Do I Report and Pay LOST?

- LOST is reported and paid to the State of Iowa along with the state sales tax.
- Retailers make no payment directly to a locality.
- Retailers show a breakdown of local option taxable sales and tax by county on quarterly and annual returns.
- Tax returns are filed electronically through the Department's online service [eFile & Pay](#).

Questions?

- For more information see [Iowa Local Option Tax Information](#).
- 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