

701—34.18(423) Federal excise tax. There are many types of federal excise taxes. The type of tax and time in which the federal excise tax is imposed determine if the federal tax is to be included in the taxable sales price for Iowa tax purposes. Federal excise tax imposed on manufacturers rather than at the time of the sale may not be deducted from the sale price. Instead, this type of federal excise tax remains as part of the taxable price for the purpose of computing Iowa tax. Another type of federal excise tax is imposed at the time of the sale. Federal luxury tax is imposed at the time of the sale of certain vehicles, trucks, buses, trailers, chassis, bodies, and parts and is to be collected by the retailer and remitted directly to the Internal Revenue Service. Federal excise tax which is imposed at the time of sale is excluded from the sale price for the purpose of computing Iowa tax. However, to be excluded from the sale price for the purpose of computing Iowa tax, this type of federal tax must be separately billed or itemized.

This rule is intended to implement Iowa Code section 423.1(8).