BEFORE THE IOWA DEPARTMENT OF REVENUE
HOOVER STATE OFFICE BUILDING
DES MOINES, IOWA

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| IN THE MATTER OF<br><br>FORT DODGE TRANSMISSION<br>3553 5TH AVE S<br>FORT DODGE IA 50501-6407<br><br>SALES AND USE TAX | **DECLARATORY ORDER**<br><br>DOCKET NO. 1351560 |

Pursuant to a Petition for Declaratory Order ("Petition") filed with the Iowa Department of Revenue ("Department") by Fort Dodge Transmission (hereinafter referred to as "Fort Dodge" or "Petitioner") on June 8, 2026, and in accordance with Iowa Code section 17A.9 (2026) and Iowa Administrative Code rule 701—4.7 (2026), "Declaratory order-in general," the Director issues the following order.[1]

## I. FACTS

The findings of fact are based on the Petition and its attachments.

Petitioner is a seller that provides a range of automotive services in Fort Dodge, Iowa. *See* Pet. for Dec. Order, No. 1351560 (June 8, 2026) at 1. Among Petitioner's customers are purchasers who claim exemption from Iowa sales tax. *See id*. Petitioner currently obtains exemption documentation by requiring customers to download, complete, sign, and upload the Department's Iowa Sales/Use/Excise Tax Exemption Certificate, Form 31-014a. *See id*.; *see also* Iowa Dep't of Revenue, *Iowa Sales/Use/Excise Tax Exemption Certificate* (31-014a, rev. 09/08/2025), available at https://revenue.iowa.gov/media/2265 (hereinafter "Form 31-014a").

[1] As of July 1, 2026, Iowa Administrative Code rule 701—4.7 on Declaratory Orders is rescinded. *See* 2026 Iowa Acts, 91 G.A., ch. 1031, § 4. The uniform rules on declaratory orders are now found in Iowa Administrative Code chapter 7—2503, and the Department's rules in chapter 701—2503. Because the Petition was filed before that date, the rescinded rules remain applicable for the pendency of this action and citations are made to rule 4.7. *See* 2026 Iowa Acts ch. 1031 § 4(4).

Petitioner represents that customers have difficulty completing, signing, and uploading the form, creating delays and administrative burden for both customers and Petitioner. *See* Pet. at 2.

Petitioner proposes to replace that process with a web-based exemption system on its website. *See id*. at 1. Under the proposed system, a purchaser would enter exemption information into fields in an electronic form rather than upload a completed Form 31-014a. *See id*. Petitioner represents that the information collected will be stored electronically and retained with Petitioner's records for audit and compliance purposes. *See id*.

Petitioner attached five images of the proposed form, which remains in development. Petitioner's Proposed "Iowa Sales Tax Exemption Certificate" (hereinafter "Ex. 1") at 1-5. Based on those attachments, the proposed form collects:

1. The certificate type, designated as either a single purchase or a blanket certificate.
2. The purchaser's legal name.
3. The purchaser's street address, city, state, and ZIP code.
4. The purchaser's telephone number and email address.
5. The purchaser's Iowa tax permit number, if applicable.
6. The purchaser's type of business, selected from a list that reproduces the business-type choices on Form 31-014a.
7. The reason for the claimed exemption, selected from a list that reproduces the exemption reasons on Form 31-014a.
8. Petitioner's name and address as the seller, which are pre-filled.
9. The name and title or position of the person completing the form.
10. The date the form is completed.
11. An electronic signature drawn by mouse or touch.

*See* Ex. 1. The proposed form states that it "constitutes an Iowa Sales/Use/Excise Tax Exemption Certificate (Form 31-014a)." Ex. 1. It includes a declaration reproduced from Form 31-014a. *See* Ex. 1. The declaration states, under penalties of perjury or false certificate, that the signer has examined the certificate, believes it true, correct, and complete, and is authorized to act on behalf of the taxpayer. *See* Ex. 1 at 4-5. The blanket-certificate option states that the certificate is valid until revoked, or until twelve months have elapsed with no purchases between the same seller and purchaser. *See* Ex. 1 at 1.

The proposed form provides a single field for an identification number, labeled "Iowa Tax Permit Number (if applicable)." Ex. 1 at 2. It offers "Retailer Car Dealer" as a business type but does not provide a field for a DOT number, and it offers "Direct pay" as a reason for exemption but does not provide a field for a direct pay permit number. *See* Ex. 1 at 2, 4. It offers "Other" as both a business type and an exemption reason, without an accompanying field in which to describe the business or the reason. *See* Ex. 1 at 3-4. The single-purchase option does not request an invoice or purchase order number. *See* Ex. 1 at 1.

## II. ISSUE PRESENTED

Petitioner presents one issue. Petitioner asks whether a seller may satisfy Iowa's exemption-documentation requirements by collecting and retaining the information required by Iowa Administrative Code rule 701—209.1 through a custom electronic form, rather than requiring the purchaser to complete and submit Form 31-014a or another standardized exemption certificate form.

## III. STANDARD OF REVIEW

### A. Declaratory Orders Under the Iowa Administrative Procedure Act

Iowa Code chapter 17A, the Iowa Administrative Procedure Act ("IAPA"), was enacted "to provide a minimum procedural code for the operation of all state agencies when they take action affecting the rights and duties of the public." Iowa Code § 17A.1(2). Under the IAPA, "[a]ny person may petition an agency for a declaratory order as to the applicability to specified circumstances of a statute, rule, or order within the primary jurisdiction of the agency." *Id*. at § 17A.9(1)(a). The IAPA also prescribes the agency's obligations in acting on such a petition. *See id*. at § 17A.9(3)-(6).

Pursuant to Iowa Code section 17A.9(2), the Department adopted Iowa Administrative Code rule 701—4.7, which outlines department-specific rules governing declaratory orders. The purpose of a declaratory order is to provide a "generally available means for persons to obtain reliable information about agency administered law as it applies to their particular circumstances."

*Sierra Club Iowa Chapter v. Iowa Dep't of Trans*p., 832 N.W.2d 636, 647 (Iowa 2013) (citing Arthur Earl Bonfield, *Amendments to Iowa Administrative Procedure Act, Report on Selected Provisions to Iowa State Bar Association and Iowa State Government*, 1-8 (1998)). Declaratory orders are not contested cases that "entitle[] parties affected by the agency action to an adversarial hearing" in order to "adjudicate disputed facts pertaining to particular individuals in specific circumstances." *Greenwood Manor v. Iowa Dep't of Pub. Health, State Health Facilities Council*, 641 N.W.2d 823, 834 (Iowa 2002); *see also* Iowa Code § 17A.12. Instead, the IAPA "contemplates declaratory rulings by administrative agencies on purely hypothetical sets of facts." *City of Des Moines v. Pub. Emp't Relations Bd*., 275 N.W.2d 753, 758 (Iowa 1979).

As such, "[t]he procedure established by section 17A.9 allows persons to seek formal opinions on the effect of future transactions and arrange their affairs accordingly." *Bennett v. Iowa Dep't of Nat. Res*., 573 N.W.2d 25, 26 (Iowa 1997). Declaratory orders issued by an administrative agency do, however, have "the same status and binding effect as any final order issued in a contested case proceeding." Iowa Code § 17A.9(7). The Department's rules reflect the same understanding. *See* Iowa Admin. Code r. 701—4.7.

**B. Statutory Construction and Interpretation of Tax Statutes**

When engaging in statutory interpretation, the Department "first examine[s] the language of the statute and determine[s] whether it is ambiguous." *Kay-Decker v. Iowa State Bd. of Tax Review*, 857 N.W.2d 216, 223 (Iowa 2014) (citing *Rolfe State Bank v. Gunderson*, 794 N.W.2d 561, 564 (Iowa 2011)). "Generally, we presume words used in a statute have their ordinary and commonly understood meaning." *Id*. (quoting *McGill v. Fish*, 790 N.W.2d 113, 119 (Iowa 2010)). "[L]egislative intent is expressed by what the legislature has said, not what it could or might have said. When a statute's language is clear, we look no further for meaning than its express terms. Intent may be expressed by the omission, as well as the inclusion . . . of statutory terms. . . ." *Hawkeye Land Co. v. Iowa Utils. Bd*., 847 N.W.2d 199, 210 (Iowa 2014) (quoting *State v. Beach*, 630 N.W.2d 598, 600 (Iowa 2001)). Tax statutes are construed no differently. *See Chickasaw*

*Cnty. Bd. of Review v. Prop. Assessment Appeal Bd*., 36 N.W.3d 273, 283 (Iowa 2026) (holding that courts "will construe tax statutes according to their ordinary meaning and apply the same principles of construction we apply to any other type of statute").

## IV. DISCUSSION

### A. Statutory and Regulatory Framework

Iowa Code section 423.45(4) governs exemption certificates. Paragraph(4)(a) provides that the Department "shall issue or the seller may separately provide exemption certificates in the form prescribed by the director, including certificates not made of paper, which conform to the requirements of paragraph '*c*', to assist retailers in properly accounting for nontaxable sales . . . ." Paragraph (4)(c) adds that a "valid exemption certificate is an exemption certificate which is complete and correct according to the requirements of the director."

The Director's requirements are set out in Iowa Administrative Code rule 701—209.1, which implements Iowa Code sections 423.45 and 423.51.[2] Subrule 701—209.1(1) provides that a "valid exemption certificate, whether furnished by the department or a seller, must be fully completed, dated, and signed if a paper certificate is used." Paragraph 701—209.1(1)"*a*" explains that a fully completed certificate must include:

(1) Name of both the purchaser and seller.
(2) The purchaser's address and type of business (e.g., retailer, manufacturer).
(3) Reason for tax-exempt purchase (e.g., resale, processing).
(4) When required, purchaser's identification number (e.g., Iowa-issued sales and use tax permit, another state's issued sales tax identification number, and Federal Employer Identification Number).

Rule 701—209.1 then states that the seller must obtain either a fully completed exemption certificate or all the data elements listed in rule 701—209.1(1)"*a*" at the time of sale or within 90 days after the date of sale.

[2] Chapter 423 divides administration by seller type: subchapter V governs retailers not registered under the Streamlined Sales and Use Tax Agreement, and subchapter VI governs retailers registered under it. *See* Iowa Code § 423.13. Because rule 701—209.1 implements both section 423.45 and section 423.51, it applies to a seller regardless of registration. This order addresses the requirements applicable under subchapter V.

The rule does not require sellers to use Form 31-014a for every transaction. Instead, subrule 209.1(3) recognizes two other options: the Multistate Tax Commission's Uniform Sales & Use Tax Resale Certificate and the Streamlined Sales Tax Agreement Certificate of Exemption as alternatives to a Department-issued certificate.

**B. Seller-Provided Electronic Certificates**

Iowa Code section 423.45(4) expressly allows a seller to "separately provide" its own exemption certificate and recognizes that certificates may be "not made of paper." A seller-provided electronic form is therefore permissible, provided it is "in the form prescribed by the director" and is "complete and correct according to the requirements of the director." Iowa Code § 423.45(4)(a), (c). For electronically captured exemption information, those requirements are the data elements listed in rule 701—209.1(1)"*a*," which 701—209.1(1)"*b*" allows a seller to capture instead of obtaining a completed certificate.

Nothing in these provisions requires a purchaser to complete Form 31-014a or any other standardized certificate. The provisions require the seller to capture the information specified in rule 701—209.1(1)"*a*." The seller must capture all of that information, however; capturing only some of it is not enough to obtain relief. Rule 701—209.1(2) relieves a seller of liability only if the seller "captures all of the data elements listed in paragraph 209.1(1)'*a*.'" If the seller's form omits a required element, the seller is not relieved of liability on that basis. *See* Iowa Admin. Code r. 701—209.1(1)"*a*." The seller may still establish the exemption after the fact under rule 701—209.1(2), as discussed below in Part IV.G, but that provision offers a narrower, later remedy and does not replace the requirement to timely collect all required information.

Accordingly, Petitioner may use a custom electronic form instead of requiring purchasers to complete and submit Form 31-014a, provided the form captures all data elements required by rule 701—209.1(1)"*a*."

### C. Consistency with Section 423.51

Iowa Code section 423.51, which governs the administration of exemptions for retailers registered under the Streamlined Sales and Use Tax Agreement, is consistent with this conclusion. Section 423.51(3)(a) likewise relieves a seller of the obligation to collect tax "if the seller obtains a fully completed exemption certificate or secures the relevant data elements of a fully completed exemption certificate within ninety days after the date of sale."

Section 423.51(1)(c) also refers to "the standard form for claiming an exemption electronically as adopted jointly by the member states." But the Director's decision to enter the Streamlined Sales and Use Tax Agreement "does not amend or modify any law of the state." *Id*. at § 423.10. Iowa law therefore governs. *See id*. The standards adopted by the member states point in the same direction: they also treat a seller that captures the required set of data elements as having received a proper electronic exemption form. *See* Streamlined Sales Tax Governing Bd., Inc., Rules and Procedures r. 317.1.A.7 (amended through May 13, 2026).

### D. Required Information and Identification Numbers

The proposed form appears designed to capture the purchaser's name and address, type of business, reason for the exemption, the seller's name, and the date of completion. Based on the attachments to the Petition, however, several required items are either missing or unclear.

**Identification numbers generally.** The form must allow the purchaser to provide any identification number required for the claimed exemption. Iowa Admin. Code r. 701—209.1(1)"*a*"(4). Depending on the exemption, that may be an Iowa sales and use tax permit number, another state's sales tax identification number, a federal employer identification number, or another required number. The seller must give the purchaser a way to provide the required number. *See id.*

The proposed form includes one identification-number field labeled "Iowa Tax Permit Number (if applicable)." Ex. 1 at 2. Paragraph 209.1(1)"*a*"(4), however, recognizes that a purchaser may need to provide another state's sales tax identification number, a federal employer

identification number, or another number. For example, a purchaser claiming a resale exemption without an Iowa permit currently has no place to enter the number supporting that claim. The form must therefore accept identification numbers other than an Iowa permit number. If the number was issued outside Iowa, the form must also identify the issuing jurisdiction so the source of the number is clear.

**Direct pay.** The form lists "Direct pay" as a reason for exemption but does not include a field for a direct pay permit number. Ex. 1 at 4. Because that permit number is required for a direct pay exemption, Form 31-014a lists "Permit number required" next to that option. The proposed form must likewise include a field for the permit number.

**Retailer car dealers**. The form lists "Retailer Car Dealer" as a type of business but does not include a field for a DOT number. Ex. 1 at 2. Form 31-014a includes a DOT-number field for this business type. The proposed must include one as well.

**"Other" business types and exemption reasons.** The form allows the purchaser to select "Other" as either a business type or a reason for exemption, but it does not provide a field to explain either selection. *See id*. at 3-4. Paragraphs 209.1(1)"*a*"(2) and (3) require the purchaser's type of business and the reason for the tax-exempt purchase. Selecting "Other" without further explanation does not provide that information. The form must allow the purchaser to describe the business or explain the exemption reason when none of the listed options applies.

**Purchaser address.** In the attachments, the state field in the purchaser-address section displays "IA." *See id*. at 2. Paragraph 209.1(1)"*a*"(2) requires the purchaser's address, and a purchaser claiming an exemption on a sale sourced to Iowa may have an address outside Iowa. If the field does not allow the purchaser to enter another state, the form would not capture the full address required by the rule. The attachments do not make clear whether "IA" is fixed or simply the default value, so the Director makes no finding on that point.

### E. Signature

Subrule 701—209.1(1) requires a signature only "if a paper certificate is used." Iowa Code section 423.51(1)(b) is to the same effect: a "purchaser is not required to provide a signature to claim an exemption from tax unless a paper certificate is used." Thus, when a seller captures the required exemption information electronically rather than using a paper certificate, the purchaser does not need to provide a signature.

Petitioner may still choose to collect an electronic signature, as the proposed form does. A record or signature "shall not be denied legal effect or enforceability solely because it is in electronic form," and "[i]f a law requires a signature, an electronic signature satisfies the law." Iowa Code § 554D.108(1), (4). Collecting an electronic signature, however, does not replace any of the data elements required by rule 701—209.1(1)"*a*" and does not, by itself, entitle the seller to relief. *See id*. at § 423.51(3)(a); Iowa Admin. Code r. 701—209.1(2).

Chapter 554D addresses the legal effect and attribution of electronic records and signatures, but it does not displace the substantive requirements of chapter 423. A transaction governed by chapter 554D "is also subject to other applicable substantive law." Iowa Code § 554D.104(3); *see also id*. at § 554D.104(1).

### F. Recordkeeping

Iowa Code section 423.41 requires a retailer to keep records as the Director requires, in the form the Director requires, for as long as the Director may examine and determine tax due. Petitioner must therefore keep an accurate record of the information collected through its electronic system and associate that information with each exempt transaction it covers.

Those records may be kept electronically. When the law requires a record to be retained, an electronic record satisfies that requirement if it "[a]ccurately reflects the information set forth in the record after it was first generated in its final form" and "[r]emains accessible for later reference." *Id*. at § 554D.114(1)(a), (b). A record retained in that manner also "satisfies a law requiring a person to retain a record for evidentiary, audit, or like purposes." *Id*. at § 554D.114(6).

Petitioner's system must therefore preserve the captured data, keep it linked to the relevant transaction or transactions, retain it for the period required by law, and make it available to the Department upon request.

This Order addresses only how Petitioner may retain exemption information. It does not excuse Petitioner from any separate recordkeeping or substantiation requirement under Iowa law. Section 554D.114 "does not preclude a governmental agency of this state from specifying additional requirements for the retention of a record subject to the agency's jurisdiction." *Id*. at § 554D.114(7).

**G. Timing and Failure to Capture the Data Elements Within Ninety Days**

Iowa Administrative Code rule 701—209.1(1)"*b*" requires that "[e]ither a fully completed exemption certificate or capture of the data elements listed in paragraph 209.1(1)'*a*' must be obtained at the time of sale or within 90 days subsequent to the date of sale." Iowa Code section 423.51(3)(a) is to the same effect, relieving the seller of the obligation to collect tax if the seller obtains a fully completed exemption certificate or secures the relevant data elements within ninety days after the date of sale. The rule directs collection at the time of sale while affording a ninety-day period within which a seller may still secure the documentation and obtain relief.

If the seller does not obtain a fully completed exemption certificate or capture all required data elements within that period, section 423.51(3)(b) provides another way to substantiate the transaction. Within 120 days after a request from the Department, the seller may either show by other means that the transaction was not taxable or obtain from the purchaser a fully completed exemption certificate taken in good faith. *See id*. at § 423.51(3)(b); Iowa Admin. Code r. 701—209.1(2)"*a*."

This additional opportunity does not change the general ninety-day deadline. It gives the seller another way to substantiate the transaction if the seller does not meet that deadline.

### H. Blanket Certificates

Iowa Administrative Code rule 701—209.1(4) permits sellers and purchasers with a recurring business relationship to "use blanket exemption certificates covering more than one transaction," and provides that those certificates "remain effective until canceled by the purchaser or until 12 months elapse with no purchases between the same purchaser and seller." Iowa Code section 423.51(3)(d) is to the same effect, relieving a seller that obtains a blanket exemption certificate from a purchaser with whom it has a recurring business relationship, and defining that relationship as one in which no more than twelve months elapses between sales transactions.

A blanket certificate does not have to be a Department-issued form. *See* Iowa Code § 423.45(4)(a). Petitioner's proposed blanket-certificate option is consistent with these provisions, provided the parties have a recurring business relationship and the certificate applies only to transactions covered by the claimed exemption. Using a blanket certificate does not remove the requirement that the system capture all information needed for that exemption.

### I. Scope and Limits of Relief

Iowa Administrative Code rule 701—209.1(4) relieves a seller of liability when the seller obtains a fully completed exemption certificate or captures all of the data elements listed in paragraph 701—209.1(1)"*a*." That relief is subject to the exceptions the rule adopts from Iowa Code section 423.51(2), which withholds relief from a seller who fraudulently fails to collect the tax, who solicits purchasers to participate in the unlawful claim of an exemption, or who accepts an exemption certificate in the entity-based circumstances described in section 423.51(2)(c). *See* Iowa Code § 423.51(2)(a)-(c); Iowa Admin. Code r. 701—209.1(2)"*b*." This order does not address whether any of those exceptions apply to Petitioner.

## V. CONCLUSION

Iowa Code section 423.45(4) allows a seller to provide its own exemption certificate, including one not made of paper, if it meets the requirements prescribed by the Director. Those requirements are set out in Iowa Administrative Code rule 701—209.1, which permits a seller to

capture the data elements listed in rule 701—209.1(1)“*a*” in place of obtaining a completed certificate. Iowa law therefore allows a seller to document an exemption by electronically capturing those data elements. It does not require the purchaser to complete Form 31-014a or another standardized certificate.

Petitioner may use its proposed electronic system if the system captures all required data elements and Petitioner maintains accurate, accessible records linked to the relevant transactions. As presented, however, the form does not accommodate required identification numbers other than an Iowa tax permit number, provide fields for a direct pay permit number or a DOT number, or allow a purchaser selecting “Other” to describe its business type or explain the exemption reason. Petitioner must correct those omissions before relying on the system. If the purchaser-address field is fixed to Iowa, Petitioner must also revise it to allow entry of another state. In addition, Petitioner should identify the form as a seller-provided electronic exemption certificate rather than state that it constitutes Department Form 31-014a. A purchaser is not required to provide a signature unless a paper certificate is used.

**ORDER**

THEREFORE, based on the facts presented, foregoing reasoning, and applicable provisions of the law, the Director finds:

1. Petitioner may use a custom electronic form or other electronic interface instead of requiring purchasers to submit Form 31-014a or another standardized exemption certificate.

2. To rely on that system, Petitioner must:
    a. capture all data elements required by Iowa Administrative Code rule 701—209.1(1)“*a*” at the time of sale or within ninety days after the date of sale;
    b. retain accurate and accessible records of the information captured;
    c. associate the captured information with each exempt transaction to which it applies;
    d. retain those records for the period required by applicable law; and
    e. make the records available to the Department upon request.

3. As presented, Petitioner’s system does not capture all required data elements. Before relying on the system, Petitioner must revise it to:

a. accept any identification number required for the claimed exemption, including an Iowa sales and use tax permit number, another state's sales tax identification number, a federal employer identification number, or another required number;
b. identify the issuing jurisdiction for an identification number not issued by Iowa;
c. provide a field for a direct pay permit number when "Direct pay" is selected as the reason for exemption;
d. provide a field for a DOT number when "Retailer Car Dealer" is selected as the purchaser's business type; and
e. allow a purchaser selecting "Other" to describe its business type or explain the reason for the claimed exemption, as applicable.

4. If the state field in the purchaser-address section is fixed to "IA," Petitioner must revise the field to allow entry of another state.

5. A purchaser is not required to provide a signature when Petitioner captures the required exemption information electronically. Petitioner may nevertheless choose to collect an electronic signature.

6. The relief provided by this order is subject to the limitations described in Part IV.I.

Petitioner must revise the form's statement that it "constitutes" Form 31-014a to make clear that it is a seller-provided electronic exemption certificate and not the Department-issued form.

Issued at Des Moines, Iowa this 25th day of September, 2026.

IOWA DEPARTMENT OF REVENUE

By Mary Mosiman
Mary Mosiman, Director