

Sales and Use Tax Returns

Diocese of Des Moines
Christie Rice – November 2017

Business Taxes

Different Types of Taxes

- Corporate income tax
- Payroll withholding tax
- Sales/Use tax

Sales Tax

State Law

- 6% must be paid on most goods and many services purchased in Iowa. See <https://tax.iowa.gov>
- If retailer doesn't collect, parish must remit to State.
- Churches are exempt from income tax, but not sales tax.
- Schools are generally exempt.

Use Tax

State Law

- Due on items purchased out of state for use in Iowa.
- Provides equity for Iowa retailers
- If retailer does not remit, consumer must.
- If use tax < Iowa sales tax, remit difference to State.

Raffle Ticket Sales

Sales Tax Due

- On gross ticket sales unless tickets and marketing pieces state sales tax is included in purchase price - then on net sales.
- $\text{Net Sales} = \frac{\text{Gross Sales}}{\text{Sales Tax Rate} + 1}$ (e.g., 6% is 1.06)
- $\text{Sales Tax Due} = \text{Gross Sales} - \text{Net Sales}$

Sales/Use Taxes

- Separate permit/return for each type of tax
 - No paper returns available
- If only occasional use tax, may file on sale tax return
 - Line 2 - Goods Consumed

Exemptions

Resale Purchases

- Resale purchases are exempt from sales/use taxes if:
 - Both provider and user intend for the tangible item to be resold
 - Property is capable of a fixed price
 - The sale of property is shown by a separate charge.

Exemptions

Casual Sales

- Casual Sales are exempt from sales/use taxes if (assuming not a retailer):
 - \leq two separate sales unrelated to regular business over 12 month period
 - If a sale occurs consistently over a span of years, not casual

Determine Filing Frequency

Based on Estimated Tax

- Annual: $\leq \$120/\text{yr}$.
- Quarterly: $> \$120 \leq \$1500/\text{mo}$
- Monthly: $> \$1500/\text{mo}$

Getting Started

eFile & Pay

- Obtain sales and/or use tax permits and BEN number.
 - <https://www.idr.gov/CBA/start.asp>
 - Various video tutorials available online at idr.gov.
- Use to file sales and use tax returns and pay the taxes.

eFile & Pay Tutorial

Iowa Dept. of Revenue (IDR)

- <https://tax.iowa.gov/answers-your-questions-about-efile-pay>
- Find “Filing a Return” on the left side of the page.

1st Time Filers

Time-Saving Info

- Do not enter BEN #.
- Choose “Not Enrolled” link on left side.
- Enter BEN # on all future filings.

Payment Options

4 types

- ePay: Free direct debit
- ACH: Through bank
- Credit Card: % charge
- Check by mail: ????

Cancelling Payments

Deadline

- Cancel at least one business day before due – submit before 3 PM CT.

Special Notes

- **Timing of Payment:** File and pay taxes when obligations are incurred.
- **Click and Save:** Can save work on IDR site for 7 days.
- **Amending a Return:** Entered info as it should have been entered.
- **Always File:** Even if no activity or no tax is due



Thank you!

Questions?