

**423.52 Relief from liability for sellers and certified service providers.**

1. Sellers and certified service providers using databases derived from zip codes or state or vendor provided address-based databases are relieved from liability to this state or its local taxing jurisdictions for having charged and collected the incorrect amount of sales or use tax resulting from the seller or certified service provider relying on erroneous data provided by this state on tax rates, boundaries, or taxing jurisdiction assignments. If this state provides an address-based system for assigning taxing jurisdictions, the director is not required to provide liability relief for errors resulting from reliance on a database derived from zip codes and provided by this state if the director has given adequate notice, as determined by the governing board, to affected parties of the decision to end this relief.

2. *a.* Model 2 sellers and certified service providers are relieved of liability to Iowa for any failure to charge and collect the correct amount of sales or use tax if this failure results from the model 2 seller's or the certified service provider's reliance upon this state's certification to the governing board that Iowa has accepted the governing board's certification of a piece of software as a certified automated system. The relief provided by this paragraph to a model 2 seller or certified service provider does not extend to a seller or provider who has incorrectly classified an item or transaction into the product-based exemptions portion of a certified automated system. However, any model 2 seller or certified service provider who has relied upon an individual listing of items or transactions within a product definition approved by the governing board or Iowa may claim the relief allowed by this paragraph.

*b.* If the department determines that an item or transaction is incorrectly classified as to its taxability, the department shall notify the model 2 seller or certified service provider of the incorrect classification. The model 2 seller or certified service provider shall have ten days to revise the classification after receipt of notice of the determination. Upon expiration of the ten days, the model 2 seller or certified service provider shall be liable for the failure to collect the correct amount of sales or use taxes due and owing to the member state.

3. *a.* Sellers and certified service providers are relieved from liability to this state or its local taxing jurisdictions for having charged and collected the incorrect amount of sales or use tax resulting from the seller or certified service provider relying on erroneous data provided in the state's taxability matrix.

*b.* Sellers and certified service providers that rely upon a prior version of the state's taxability matrix shall be relieved of liability to the state and its local taxing jurisdictions until the first day of the calendar month that is at least thirty days after notice of a change to the taxability matrix is submitted by the state to the governing board.

2003 Acts, 1st Ex, ch 2, §145, 205; 2006 Acts, ch 1158, §79, 80; 2012 Acts, ch 1066, §6; 2015 Acts, ch 94, §2

Referred to in §423.34A