

**Sales and Use Tax Refunds  
for Iowa Economic Development Tax Credit Programs:  
Enterprise Zone, High Quality Jobs, and Workforce Housing Tax Incentive Program**

**Q:** Our business is participating in a tax credit program, and we were charged sales/use tax during the construction phase of our project. How do we receive a refund for the sales/use tax?

**A:** To file a claim for a refund of sales/use taxes in Iowa, please use the correct forms, which can be found on the Iowa Department of Revenue (IDR) website at <https://tax.iowa.gov/forms>. You will also need to provide your Tax Credit Certificate Number to claim any tax credits or receive refunds.

**Q:** We also paid local option sales tax. May we file a refund claim for that?

**A:** No, local option sales taxes are not eligible for refund under a tax credit program.

**Q:** Is there a deadline to file a refund claim?

**A:** Yes, there are two deadlines. First, within two weeks of project completion, you must notify IDR that your project has been completed and that you intend to file for a sales and use tax refund claim under the tax credit program. Include the Tax Credit Certificate Number in that notice. The notice can be sent as a written letter to the Department or electronically to the addresses provided on the next page. Second, you have one (1) year after project completion to file your refund claim. The definition of "Project Completion", for purposes of reporting to IDR that a project has been completed, means:

1. For new manufacturing facilities, the first date upon which the average annualized production of finished product for the preceding 90-day period at the manufacturing facility is at least 50 percent of the initial design capacity of the facility.
2. For all other EZ or HQJ projects, the date of completion of all improvements necessary for the start-up, location, expansion or modernization of a business.
3. For all WHTIP, the date of completion is the date on which EDA notifies IDR that all applicable requirements of an agreement entered into pursuant to section 15.354 are satisfied.

**Q:** What forms do we need to use?

**A:** You will need to complete a **Construction Contract Claim for Refund** (document is available here: <https://tax.iowa.gov/sites/files/idr/forms1/ConstrucContractClaimforRfd%2835003%29.pdf>). Use this form to request a refund on sales/use tax paid by the contractor or subcontractor in performance of a written construction contract with your business. Answer yes to the question "5. Are you claiming a refund for which you received a tax credit certificate?" on the form and provide a copy of the tax credit certificate for your EDA award. You cannot make a claim for a sales and use tax refund until you have received the tax credit certificate from EDA which must include the amount of sales and use tax refund awarded to your company. Also, an **Iowa Contractor's Statement** (form 35-002a) needs to be completed and attached. Invoices do not have to be attached to the contractor's statement, but the Department of Revenue reserves the right to request invoices when reviewing the refund claim.

Tips for a Quicker Refund:

1. On the "Description of Project" line, include your Contract or Agreement Number assigned by EDA. (example: 1X-TC-0XX or 1X-HQJP-0XX)
2. Attach a completed Contractor's Statement even if you are your own contractor.
3. Fill out lines 1-5 completely and check your math.

**Q:** What is an Iowa Contractor's Statement, and why do we have to attach it to our claim?

**A:** This form is a legal document (document is available here: <https://tax.iowa.gov/sites/files/idr/forms1/ContractorStmt%2835002%29.pdf>). There is an oath at the bottom of the statement. The contractor or subcontractor needs to sign the oath and have it notarized. The back of the Iowa Contractor's Statement has simple instructions to follow. It is very important that all portions of the Iowa Contractor's Statement are completed by the contractor or subcontractor to make sure your claim can be processed in a timely manner.

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**Q:** How do we request a refund for sales and use tax we paid for gas, electric, water, or sewer utility services used during construction?

**A:**

- You will need to complete the **Form IA-843 Claim for Refund**.
- Please explain the kind of items being claimed in the “Reason for Refund Request” portion of the claim form and reference the law under which you are applying (i.e. 2011 Iowa Code Section 15.331A, High Quality Jobs Program)
- Include the Contract or Agreement Number given to you by EDA (example: 1X-TC-0XX or 1X-HQJP-0XX).
- Include copies of the invoices or a schedule to support the claim

**Documentation the Department of Revenue may request:**

1. Copies of all invoices supporting the contractor statements submitted. These invoices may be submitted to the auditor electronically.
2. A spreadsheet which includes all of the invoices and the invoice detail. A sample spreadsheet is available for your use.
3. Permit numbers and quarters of remitted consumers use tax for any contractor claiming consumers use tax was paid on materials included on the contractor statements.

**Suggestions to help facilitate the review process:**

1. All invoices should be matched to the contractor statements to ensure totals match.
2. All invoices should be reviewed to ensure that Iowa tax was charged on the invoice. Tax paid to any other state is not refundable on these claims.
3. All invoices should be reviewed to ensure items submitted for refund are building materials and/or other items used in the performance of a written construction contract.
4. All claims should be reviewed to ensure that no local option tax is included in the refund request. Local option tax is not eligible for refund.
5. Make sure that the refund claim is filed by the entity that is the eligible business according to the agreement.

Please note that additional documentation may be requested on a case-by-case basis.

If you have any questions or want to submit a notice of project completion, please contact:

Tax Credit Unit  
Iowa Department of Revenue  
P.O. Box 14454  
Des Moines, IA 50306-3454  
Telephone (515)423-6219  
Email: [timothy.burington@iowa.gov](mailto:timothy.burington@iowa.gov)