

Description of WET (Water Excise Tax)

In 2018, the Iowa legislature passed a new law, SF 512, effective July 1, 2018, which creates a Water Service Excise Tax (WET). Prior to the enactment of this law, the sale of water was subject to the 6% state sales tax. The WET exempts the sale of water service from state sales tax, but imposes a 6% excise tax on the sale of water service.

NOTE: Beginning July 1, 2018 - water utilities must separately collect and remit WET under a new permit number.

Beginning January 1, 2019 - the sale of water service and WET must be separately itemized on bills and receipts.

Where Does this Money Go?

Over the life of the WET, a portion of the total taxes collected will be distributed into two funds—the water quality infrastructure fund and the water quality assistance fund—which will provide money to the Department of Agriculture and Land Stewardship and the Iowa Finance Authority. These funds will be used to improve water quality in Iowa. The remaining portion of WET that is not distributed into either of these funds will be deposited into the General Fund.

Go to <https://tax.iowa.gov/WET> for more information. Or Call 664-2216