START A BUSINESS - IOWA

How to open a car dealership in Iowa

Iowa dealers need a DOT dealer license with a $75,000 surety bond and a zoning letter; used dealers first attend an 8-hour pre-licensing class.

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1 Is a dealership right for you?

Dealers buy, recondition and sell vehicles and handle titles and paperwork. It suits people with sales skills, capital for inventory and patience for records.

2 Form the business and register for sales tax

1. Choose a structure. LLCs and corporations file with the Iowa Secretary of State.
2. Get a sales tax permit from the Department of Revenue. Iowa taxes listed services, including vehicle repair, wash and wax, and towing.
3. Check your city or county for local licenses and zoning.

3 The DOT dealer license

Used dealer applicants first attend the 8-hour Auto Dealer Pre-Licensing Education Class run by the Iowa Independent Automobile Dealers Association. Then apply to the Iowa DOT with the application, fees, a zoning letter and proof that your place of business meets the requirements.

4 Dealer bond

File a $75,000 surety bond with the Iowa DOT through your insurance agent or an Iowa-licensed bonding company.

5 Your first steps

1. Form the business and get a sales tax permit.
2. Take the 8-hour pre-licensing class.
3. Get the zoning letter and $75,000 bond.
4. Apply to the Iowa DOT.
5. List your business on Nearby Car Care

Requirements at a glance

Iowa sales tax permit

Required - State - Iowa Department of Revenue

Register with the Department of Revenue for a sales tax permit. Iowa taxes listed services, including vehicle repair, motor repair, vehicle wash and wax, and wrecker and towing, plus any local option tax.

Form your LLC or corporation with the Iowa Secretary of State first. Fees not verified here.

Official application:
https://revenue.iowa.gov/taxes/tax-guidance/sales-use-excise-tax/iowa-sales-and-use-tax-taxable-services

DOT motor vehicle dealer license and pre-licensing class

Required - State - Iowa Department of Transportation

Apply to the Iowa DOT with the application, fees, a zoning letter and proof that your place of business meets the requirements. Used dealer applicants first attend the 8-hour Auto Dealer Pre-Licensing Education Class run by the Iowa Independent Automobile Dealers Association.

Fees: See the DOT dealer license fee list.

Official application:
https://iowadot.gov/registration-plates/dealerships/dealer-licenses-requirements/get-motor-vehicle-dealers-license

Dealer surety bond ($75,000)

Required - State - Iowa Department of Transportation

File a $75,000 surety bond with the Iowa DOT.

Amount: $75,000

Official agencies and links

Iowa Sales and Use Tax: Taxable Services

Iowa Department of Revenue
https://revenue.iowa.gov/taxes/tax-guidance/sales-use-excise-tax/iowa-sales-and-use-tax-taxable-services

Get a Motor Vehicle Dealer's License

Iowa Department of Transportation
https://iowadot.gov/registration-plates/dealerships/dealer-licenses-requirements/get-motor-vehicle-dealers-license

Frequently asked questions

How much is the Iowa dealer bond?

$75,000.

This guide is general information, not legal advice. Rules change and can depend on your city or county, so confirm with the official agencies linked below before you apply.

https://nearbycarcare.com/resources/business/open-car-dealership/iowa/