

activity ratio. If the corporation has only allocable income, capital gains and losses from the sale or other disposition of assets shall be allocated in accordance with section 1 of this Act.

(3) Where income is derived from business other than the manufacture or sale of tangible personal property, ~~such~~ the income shall be specifically allocated or equitably apportioned within and without the state under rules of the director.

(4) Where income is derived from the manufacture or sale of tangible personal property, the part ~~thereof~~ attributable to business within the state shall be in that proportion which the gross sales made within the state bear to the total gross sales.

(5) The gross sales of the corporation within the state shall be taken to be the gross sales from goods delivered or shipped to a purchaser within the state regardless of the f.o.b. point or other conditions of the sale, excluding deliveries for transportation out of the state.

Sec. 3. This Act is retroactive to January 1, 1981 for tax years beginning on or after January 1, 1981 and to this extent the provisions of this Act are retroactive.

Approved June 13, 1981

CHAPTER 136

SALES AND USE TAX PROCESSING EXEMPTION

S. F. 466

AN ACT relating to the processing exemption in the state sales, services, and use tax by including in the definition of services used in processing of tangible personal property, the reconditioning or repairing of tangible property of the type normally sold in the regular course of the retailer's business and which is held for sale upon which the sales, services, or use tax will be paid when the property is sold.

Be It Enacted by the General Assembly of the State of Iowa:

Section 1. Section 422.42, subsection 13, Code 1981, is amended by adding the following new unnumbered paragraph:

NEW UNNUMBERED PARAGRAPH. "Services used in the processing of tangible personal property" includes the reconditioning or repairing of tangible personal property of the type normally sold in the regular course of the retailer's business and which is held for sale upon which the gross receipts tax under this division or the use tax under chapter 423 will be paid when the tangible personal property is sold.

Approved June 19, 1981