

423.6 Exemptions.

The use in this state of the following tangible personal property, specified digital products, and services is exempted from the tax imposed by [this subchapter](#):

1. Tangible personal property, specified digital products, and enumerated services, the sales price from the sale of which are required to be included in the measure of the sales tax, if that tax has been paid to the department or the retailer. This exemption does not include vehicles subject to registration or subject only to the issuance of a certificate of title.

2. The sale of tangible personal property, specified digital products, or the furnishing of services in the regular course of business.

3. Property used in processing. The use of property in processing within the meaning of [this subsection](#) shall mean and include any of the following:

a. Any tangible personal property including containers which it is intended shall, by means of fabrication, compounding, manufacturing, or germination, become an integral part of other tangible personal property intended to be sold ultimately at retail, and containers used in the collection, recovery, or return of empty beverage containers subject to [chapter 455C](#).

b. Fuel which is consumed in creating power, heat, or steam for processing or for generating electric current.

c. Chemicals, solvents, sorbents, or reagents, which are directly used and are consumed, dissipated, or depleted in processing tangible personal property which is intended to be sold ultimately at retail, and which may not become a component or integral part of the finished product.

d. The distribution to the public of free newspapers or shoppers guides shall be deemed a retail sale for purposes of the processing exemption in [this subsection](#).

4. All articles of tangible personal property and all specified digital products brought into the state of Iowa by a nonresident individual for the individual's use or enjoyment while within the state.

5. Services exempt from taxation by the provisions of [section 423.3](#).

6. Tangible personal property, specified digital products, or services the sales price of which is exempt from the sales tax under [section 423.3](#), except [section 423.3, subsections 39 and 73](#), as it relates to the sale, but not the lease or rental, of vehicles subject only to the issuance of a certificate of title and as it relates to aircraft subject to registration under [section 328.20](#).

7. Advertisement and promotional material and matter, seed catalogs, envelopes for same, and other similar material temporarily stored in this state which are acquired outside of Iowa and which, subsequent to being brought into this state, are sent outside of Iowa, either singly or physically attached to other tangible personal property sent outside of Iowa.

8. Tangible personal property which, by means of fabrication, compounding, or manufacturing, becomes an integral part of vehicles, as defined in [section 321.1, subsections 41, 64A, 71, 85, and 88](#), manufactured for lease and actually leased to a lessee for use outside the state of Iowa and the subsequent sole use in Iowa is in interstate commerce or interstate transportation. Vehicles subject to registration which are designed primarily for carrying persons are excluded from [this subsection](#).

9. Mobile homes and manufactured housing the use of which has previously been subject to the tax imposed under [this subchapter](#) and for which that tax has been paid.

10. Mobile homes to the extent of the portion of the purchase price of the mobile home which is not attributable to the cost of the tangible personal property used in the processing of the mobile home, and manufactured housing to the extent of the purchase price or the installed purchase price of the manufactured housing which is not attributable to the cost of the tangible personal property used in the processing of the manufactured housing. For purposes of this exemption, the portion of the purchase price which is not attributable to the cost of the tangible personal property used in the processing of the mobile home is eighty percent and the portion of the purchase price or installed purchase price which is not attributable to the cost of the tangible personal property used in the processing of the manufactured housing is eighty percent.

11. Tangible personal property used or to be used as a ship, barge, or waterborne vessel which is used or to be used primarily in or for the transportation of property or cargo for hire on the rivers bordering the state or as materials or parts of such ship, barge, or waterborne vessel.

12. Aircraft for use in a scheduled interstate federal aviation administration certificated air carrier operation.

13. Aircraft; tangible personal property permanently affixed or attached as a component part of the aircraft, including but not limited to repair or replacement materials or parts; and all services used for aircraft repair, remodeling, and maintenance services when such services are performed on aircraft, aircraft engines, or aircraft component materials or parts. For the purposes of this exemption, “*aircraft*” means aircraft used in a scheduled interstate federal aviation administration certificated air carrier operation.

14. Tangible personal property permanently affixed or attached as a component part of the aircraft, including but not limited to repair or replacement materials or parts; and all services used for aircraft repair, remodeling, and maintenance services when such services are performed on aircraft, aircraft engines, or aircraft component materials or parts. For the purposes of this exemption, “*aircraft*” means aircraft used in a nonscheduled interstate federal aviation administration certificated air carrier operation operating under [14 C.F.R. ch. 1, pt. 135](#).

15. *a.* Aircraft sold to an aircraft dealer who in turn rents or leases the aircraft if all of the following apply:

(1) The aircraft is kept in the inventory of the dealer for sale at all times.

(2) The dealer reserves the right to immediately take the aircraft from the renter or lessee when a buyer is found.

(3) The renter or lessee is aware that the dealer will immediately take the aircraft when a buyer is found.

b. If an aircraft exempt under [this subsection](#) is used for any purpose other than leasing or renting, or the conditions in paragraph “*a*”, subparagraphs (1), (2), and (3), are not continuously met, the dealer claiming the exemption under [this subsection](#) is liable for the tax that would have been due except for [this subsection](#). The tax shall be computed upon the original purchase price.

16. The use in this state of building materials, supplies, or equipment, the sale or use of which is not treated as a retail sale or a sale at retail under [section 423.2, subsection 1](#).

17. Tangible personal property exempt from the use tax as provided in [section 29C.24](#).

18. Qualifying personal protective equipment and materials which are assembled to become qualifying personal protective equipment. For purposes of [this subsection](#), “*qualifying personal protective equipment*” means personal protective equipment that is assembled and donated by a person during the period beginning with a state of disaster emergency proclamation by the governor under [section 29C.6](#) and ending one hundred eighty days after the expiration of such proclamation.

[2003 Acts, 1st Ex, ch 2, §99, 205; 2006 Acts, ch 1158, §45, 46; 2008 Acts, ch 1113, §41, 42; 2008 Acts, ch 1191, §64; 2011 Acts, ch 25, §88; 2013 Acts, ch 30, §95; 2016 Acts, ch 1095, §9, 14; 2018 Acts, ch 1161, §200, 201, 229; 2020 Acts, ch 1118, §140 – 143](#)

Referred to in [§423C.3](#)

Subsection 18 applies retroactively to January 1, 2020, for qualifying personal protective equipment and materials assembled and donated on or after that date; 2020 Acts, ch 1118, §143