

701—219.21(423) Gravel and stone. When a contract is entered between a contractor and a governmental body and the contract calls for a stockpile delivery along a road to be improved, it is a sale of tangible personal property to the governmental body. Transactions of this type are exempt from tax. When a contract provides for the sale and delivery of materials and also the conversion of the materials into realty improvements, the contractor is the ultimate consumer of the material used and is liable for sales tax. Tax applies on the sales price of the material.

This rule is intended to implement Iowa Code section 423.3(31).

[ARC 8161C, IAB 7/24/24, effective 8/28/24]