

701—219.3(423) Sales of building materials, supplies, and equipment to contractors, subcontractors, builders, or owners. Suppliers or dealers that sell materials, and supplies, and equipment to contractors, subcontractors, builders, or owners are required to collect Iowa sales tax from those persons based upon the sales price from such sales. Reference 701—subrule 219.23(4), which deals with construction contracts with designated exempt entities, for an explanation of one of the few exceptions to this requirement. The fact that a contractor, subcontractor, or builder holds an Iowa retail sales tax permit and has a tax number does not entitle that person to purchase building materials, supplies, and equipment without paying sales tax to the vendor, unless the building materials, supplies, or equipment are purchased for resale. Materials purchased out of state for use in Iowa are subject to the Iowa use tax, which is payable in the tax period that the materials are delivered into the state.

219.3(1) *Examples of building materials and supplies.* The following is a nonexhaustive list of typical items that are building materials and supplies:

- Asphalt
- Bricks
- Builders' hardware
- Caulking material
- Cement
- Central air-conditioning
- Cleaning compounds
- Conduit
- Doors
- Ducts
- Electric wiring, connections, and switching devices
- Fencing materials
- Flooring¹
- Glass
- Gravel
- Insulation
- Lath
- Lead
- Lighting fixtures
- Lime
- Linoleum¹
- Lubricants
- Lumber
- Macadam
- Millwork
- Modular and mobile homes
- Mortar
- Oil
- Paint
- Paper
- Piping, valves, and pipe fittings
- Plaster
- Plates and rods used to anchor masonry foundations
- Plumbing supplies
- Polyethylene covers
- Power poles, towers, and lines
- Putty
- Reinforcing mesh
- Rock salt
- Roofing

Rope
Sand
Sheet metal
Steel
Stone
Stucco
Tile
Wallboard
Wall coping
Water conditioners
Weather stripping
Windows
Window screens
Wire netting and screen
Wood preserver

219.3(2) *Examples of building equipment.* Building equipment includes but is not limited to such items as:

Compressors
Drill presses
Electric generators
Forms
Hand tools
Lathes
Replacement parts for equipment
Scaffolds
Tools
Vehicles including grading, lifting and excavating vehicles

219.3(3) *Taxability of equipment.* Construction equipment purchased by a contractor that is intended for use in the performance of an Iowa construction contract is subject to the Iowa sales or use tax. Equipment that is rented for use on or in connection with an Iowa construction contract would normally be rented subject to tax. Rule 701—219.20(423) provides an explanation of the existing exemption in favor of rented machinery used by a contractor on a job site.

This rule is intended to implement Iowa Code sections 423.2(1) “b” and 423.5.

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

¹ Floor coverings that are shaped to fit a particular room or area and that are attached to the supporting floor with cement, tacks or tack strips, or by some other method making a permanent attachment are considered to be building materials. Carpeting (whether attached to the floor or not) is not treated as a building material for the purposes of this chapter. Rugs, mats, and linoleum types of floor coverings that are not attached but are simply laid on finished floors are also not considered to be building materials.