

701—221.5(422,423) Films and other media, exempt rental and sale.**221.5(1) Exempt rental.**

a. The sales price from the rental of films, video and audio tapes or discs, records, photos, copy, scripts, or other media used for the purpose of transmitting that which can be seen, heard, or read shall not be taxable if the lessee either:

(1) Imposes a charge for the viewing or rental of the media and that charge will be subject to Iowa sales or use tax, or

(2) Broadcasts the contents of the media for public viewing or listening.

b. The sales price from lessees who are film exhibitors or who rent discs or other media would ordinarily be exempt from tax under this rule. The rental of media for reproduction of images into newspapers or periodicals will not be exempt from tax under this rule since neither of the criteria in paragraph 221.5(1) “*a*” or “*b*” will occur. The rental of films, video discs, and other media for home viewing is not exempt from tax.

221.5(2) Exempt sale. Sales price from the sale to persons regularly engaged in the business of leasing or renting media of motion picture films, video and audio tapes or discs, and records, or any other media that can be seen, heard, or read, are exempt from tax if the ultimate leasing or renting of the media is subject to Iowa sales or use tax.

This rule is intended to implement Iowa Code section 423.3(41).

[ARC 8163C, IAB 7/24/24, effective 8/28/24]