

701—225.4(423) Maintenance or repair of fabric or clothing.

225.4(1) *Chemicals, solvents, sorbents, and reagents.* Sales of chemicals, solvents, sorbents, or reagents directly used and consumed in the maintenance or repair of fabric or clothing are exempt from tax. This rule's exemption is mainly applicable to dry-cleaning and laundry establishments; however, it is also applicable to soap or any chemical or solvent used to clean carpeting. The department presumes that a substance is "directly used" in the maintenance or repair of fabric or clothing if the substance comes in contact with the fabric or clothing during the maintenance or repair process. Substances that do not come into direct contact with fabric or clothing may, under appropriate circumstances, be directly used in the maintenance or repair of the fabric or clothing, but direct use will not be presumed.

225.4(2) *Examples.*

a. Perchloroethylene (also known as "perch") or petroleum solvents used in dry-cleaning machines and coming in direct contact with the clothing being dry-cleaned are typically exempt as being directly used and consumed in the maintenance or repair of fabric or clothing.

b. Substances used to clean or filter the "perch" or petroleum solvents would also be exempt from tax, even though these substances do not come in direct contact with the clothing being cleaned.

c. The sale of soap or detergents especially made for mixing with "perch" or petroleum solvents is exempt from tax.

d. The sale of stain removers to dry cleaners is exempt from tax.

e. A commercial laundry's purchase of detergents, bleaches, and fabric softeners is exempt from tax.

f. A commercial laundry's purchase of water, which is a solvent, is also exempt from tax if purchased for use in the cleaning of clothing.

g. The purchase of starch by laundries and "sizing" by dry cleaners is not exempt from tax.

This rule is intended to implement Iowa Code section 423.3(51).

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