

**701—26.16(422) Electrical and electronic repair and installation.** Persons engaged in the business of repairing or installing electrical wiring, fixtures, switches in or on real property or repairing or installing any article of personal property powered by electric current are rendering, furnishing or performing a service, the gross receipts from which are subject to tax. For purposes of this rule only, that electrical portion of the repair and installation of personal property powered by electric current is subject to tax. “Repair” is synonymous with mend, restore, maintain, replace, or service. A “repair” contemplates an existing structure or thing which has become imperfect and constitutes the restoration to the original existing structure that which has been lost or destroyed. A “repair” is not a capital improvement, that is, it does not materially add to the value or substantially prolong the useful life of the property. “Installation” shall include affixing electrical wiring, fixtures or switches to real property, affixing any article of personal property powered by electric current to any other article of personal property, or making any article of personal property powered by electric current operative with respect to its intended functional purpose. For purposes of 26.2(1), service tax shall not apply on electrical installation or repair when the service is on or connected with a structural change to a building or similar structure, whether the structural change be internal or external to the building or structure. The electrical repair or installation on or connected with new construction on buildings or structures would not be subject to service tax.

On and after July 1, 1984, the services of electronic repair and installation are subject to tax. “Electronic” repair and installation is that which deals with the installation of semiconductors (e.g., vacuum tubes, transistors, or integrated circuits) or with the installation or repair of machinery or equipment which functions mainly through the use of semiconductors. It is this installation or repair of semiconductors or of machines functioning mainly by the use of semiconductors which distinguishes “electronic” installation and repair from “electrical” installation and repair.

On and after July 1, 1985, gross receipts from electrical or electronic installation are exempt from tax if those gross receipts are for the installation of new industrial machinery or equipment. See 701—subrule 18.45(7) for more information regarding this matter.

This rule is intended to implement Iowa Code section 422.43.