

701—17.21(422) Exempt sales of prizes. For sales occurring on and after July 1, 1987, the gross receipts from sales of tangible personal property which will be given as prizes to players in games of skill, games of chance, raffles, and bingo games as defined in and lawful under Iowa Code chapter 99B are exempt from tax. See Chapters 481—100 through 104 of Inspections and Appeals, Iowa Administrative Code, for a description of the games of skill, games of chance, raffles, and bingo games which are lawful. See rule 481—100.6(99B) for a description of the prizes which it is lawful to award. A gift certificate is not tangible personal property. If a person wins a gift certificate as a prize at the time the person redeems the gift certificate for merchandise, on and after July 1, 1987, tax remains payable at the time the gift certificate is redeemed. See rule 701—15.16(422).

This rule is intended to implement Iowa Code section 422.45(32).