

701—16.51(423) Sales of services treated as sales of tangible personal property.

16.51(1) *Generally.* For purposes of the imposition of Iowa sales and use tax, the sale of the following services are treated as the sale of tangible personal property: engraving, printing, binding, vulcanizing, recapping, and retreading. For the purposes of this rule these services will be referred to as “property.”

16.51(2) *Definitions and characterizations.*

“Binding.” Persons engaged in the business of binding any printed matter, other than for the purpose of ultimate sale at retail, are engaged in the sale of property, the gross receipts of which are subject to tax.

“Engraving” includes the business of engraving on wood, metal, stone, or any other material.

“Printing” includes, but is not limited to, any type of printing, lithographing, mimeographing, photocopying and similar reproduction. The following activities are nonexclusive examples of property subject to tax: printing of pamphlets, leaflets, stationery, envelopes, folders, bond and stock certificates, abstracts, law briefs, business cards, matchbook covers, campaign posters and banners for the users thereof.

“Vulcanizing” means the act or process of treating crude rubber, synthetic rubber, or other rubberlike material with a chemical and subjecting it to heat in order to increase its strength and elasticity.

16.51(3) *Prepaid calling cards and wireless calling services.* Sales of prepaid telephone calling cards and prepaid authorization numbers which furnish the holder with communication service are taxable as sales of tangible personal property. See rule 701—214.2(423) for an explanation of the sales tax treatment of other types of prepaid merchandise cards.

This rule is intended to implement Iowa Code sections 423.2(1) “a”(1) to 423.2(1) “a”(3).
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