

**701—107.4(422B) Transactions subject to and excluded from local option service tax.**

**107.4(1)** Local option service tax is imposed upon any enumerated service if the service is rendered, furnished, or performed within the area of a county where that tax is imposed. If only the product or result of a service is used within such an area, no local option service tax may be imposed upon the gross receipts of that service. For the purposes of Examples 1, 2, and 3 in this subrule, assume that a local option service tax is imposed within all of Polk County and that no such tax is imposed within Jasper County.

EXAMPLE 1. Boat repair is a taxable, enumerated service. George, a resident of Polk County, takes his boat to Jasper County to be repaired by Bob. Completely within the boundaries of Jasper County, Bob renders the enumerated service of boat repair. Bob then returns the boat to George's home in Polk County. No tax is due upon Bob's charges for the repair. The entire service of boat repair was rendered in Jasper County where there is no local option tax. Even if George and Bob had entered into a contract for the repair of the boat within Polk County, this transaction would not be subject to Polk County's local option service tax. Rendering or furnishing of the service, not entry into a binding contract for performance of the service, is the taxable event for the purpose of local option service tax.

EXAMPLE 2. Mr. Jolson is a contractor-retailer who performs roof repair services and also has a store where he sells roofing materials. The store is located in Jasper County. Roof repair is a taxable service. Mr. Keller's home is located in Polk County. At the store in Jasper County, Mr. Keller and Mr. Jolson contract for repair of Mr. Keller's roof. Mr. Jolson then enters Polk County, repairs the roof on Mr. Keller's home, and returns to Jasper County. The gross receipts from this roof repair would be subject to Polk County local option service tax regardless of where Mr. Keller and Mr. Jolson entered into the contract for repair of the roof.

EXAMPLE 3. "Machine repair of all kinds" is a taxable enumerated service. Ms. Robinson lives in Jasper County. Ms. Beatty owns a shop which repairs refrigerators. Ms. Robinson's refrigerator breaks down. She calls Ms. Beatty, who drives her truck to Ms. Robinson's home in Jasper County. If Ms. Beatty repairs the refrigerator at Ms. Robinson's home in Jasper County, the repair is not subject to Polk County local option service tax. If Ms. Beatty placed Ms. Robinson's refrigerator on the truck, took it to her shop in Polk County, repaired it there and then took the refrigerator back to Ms. Robinson's home, the service would be subject to Polk County local option service tax. In the first instance, the service was performed within Jasper County; in the second instance, it was performed within Polk County.

EXAMPLE 4. As of July 1, 1985, "water softening" is a taxable enumerated service. For the purposes of this example, assume that a local option service tax has been imposed in Polk City, Polk County, but nowhere else within Polk County. Katz Water Softening Service has customers in Des Moines, Polk City, and the unincorporated areas of Polk County. Assuming that water softening service is performed where a customer's water softener is located, services rendered to customers within Polk City would be taxable. Services rendered to customers in Des Moines and the unincorporated areas of Polk County would not be taxable. The location of Katz's office would not be material in determining whether service for a particular customer is taxable or not.

**107.4(2)** Reserved.