

701—215.9(423) Chemical compounds used to treat water. Chemical compounds placed in water that is ultimately sold at retail should be purchased exempt from the tax. The chemical compounds become an integral part of property sold at retail. Chemical compounds placed in water that is directly used in processing are exempt from the tax, even if the water is consumed by the processor and not sold at retail.

Chemical compounds that are used to treat water that is not sold at retail or that are not used directly in processing are subject to tax. An example would be chlorine or other chemicals used to treat water for a swimming pool.

Special boiler compounds used by processors when live steam is injected into the mash or substance, whereby the steam liquefies and becomes an integral part of the product intended to be sold at retail and also becomes a part of the finished product, is exempt from tax.

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

[ARC 8160C, IAB 7/24/24, effective 8/28/24]