

701—219.2(423) Contractors—consumers of building materials, supplies, and equipment by statute.

219.2(1) *Inapplicability of resale exemption.* A contractor, subcontractor, or builder cannot claim an exemption for resale when purchasing building materials or supplies even if the contractor, subcontractor, or builder later separately itemizes material and labor charges for construction contracts or contracts for reconstruction, alteration, expansion, or remodeling.

219.2(2) *Bidding considerations.* When bidding on a contract, a contractor (general, special or subcontractor) should anticipate that sales or use taxes will increase the cost of materials by the tax unless the sponsor is a designated exempt entity. The necessary allowance should be made in figuring the bid inasmuch as the contractor will be held responsible for paying the tax on building supplies, materials and equipment. The tax should not be identified as a separate item in the formal bid since the contractor cannot charge sales tax.

This rule is intended to implement Iowa Code section 423.2(1) “b.”

[ARC 8161C, IAB 7/24/24, effective 8/28/24]