

701—26.1 (422) Definition and scope. This rule provides the scope and definitions applicable to the area of services.

26.1(1) Definitions. The phrase “persons engaged in the business of” as used herein shall mean persons who offer the named service to the public or to others for a consideration whether such person offers the service continuously, part-time, seasonally or for short periods. The Iowa sales tax law imposes for periods prior to July 1, 1992, a tax of 4 percent and for periods on or after July 1, 1992, a tax at the rate of 5 percent upon the gross receipts from the rendering, furnishing or performing at retail of certain enumerated services, hereinafter described in more detail in this chapter.

26.1(2) Taxable and nontaxable services. When taxable and nontaxable services are performed as part of one transaction and the charge for the transaction is a lump-sum fee that is not itemized or separately contracted, the taxation of the fee for the entire transaction is determined by the predominant service being performed. *Iowa Movers and Warehousemen’s Association v. Briggs*, 237 N.W.2d 759 (Iowa 1976). If the predominant service being provided in the transaction is a taxable enumerated service, then the entire fee for the transaction is subject to Iowa tax. However, if the predominant service being performed is a nontaxable service, then the entire fee charged for the transaction is not subject to Iowa tax.

This rule is intended to implement Iowa Code sections 421.14, 422.43, 422.47 and 423.2.