

**701—287.2(422,423) Food coupon rules.** Food coupon rules used in determining whether certain foods are eligible for purchase by food coupons and therefore exempt from sales tax shall be those United States Department of Agriculture regulations in effect on July 1, 1974, unless the purchase is actually made with food coupons on or after October 1, 1987, in which case the exemption applies to the purchase of all food eligible under the federal Food Stamp Act of 1977, 7 U.S.C. §2011 et seq.

**287.2(1)** On or after July 1, 1985, candy, candy-coated items, candy products, and certain beverages, which are described in 20.1(3) and which may be purchased with food coupons, are taxable unless purchased on or after October 1, 1987, with food coupons issued under the federal Food Stamp Act of 1977, 7 U.S.C. §2011 et seq.

**287.2(2)** On or after October 1, 1987, when a purchase of items eligible for purchase with food coupons is paid with food coupons and cash, the retailer may elect to collect and remit tax in one of the following manners:

*a.* The entire sale of eligible food items is exempt from tax when a purchase of items eligible for purchase with food coupons is paid with food coupons and cash, or

*b.* The part of the payment made with food coupons is to apply first to the taxable items eligible for purchase with food coupons. The election once made by the retailer applies to all sales until the retailer notifies the department in writing that the alternate manner is to be used.

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