

701—16.11(422,423) Paper plates, paper cups, paper dishes, paper napkins, paper, wooden or plastic spoons and forks and straws. When paper, wooden or plastic cups, plates, dishes, napkins, spoons and forks are sold with tangible personal property and expended by such use, the sale of such properties to retailers shall be considered sales for resale. The gross receipts from the sale of such items by retailers to consumers or users shall be subject to tax.

When these articles are sold in connection with service or for free distribution by retailers apart from a retail sale, the transaction shall be deemed to be a retail sale to the retailer and shall be taxable.

Sales of reusable placemats to retailers who sell meals shall be subject to tax.

EXAMPLE 1. A retailer purchases napkins, disposable forks and knives for the retailer's restaurant. The retailer provides these items free of charge, apart from the retail sale of food at the retailer's restaurant. Sale of these items to the retailer is a retail sale and is subject to tax.

EXAMPLE 2. A retailer purchases napkins, disposable knives and forks for the retailer's restaurant. The retailer sells these items with tangible personal property to the retailer's customers. The sale of these items to the retailer is considered a sale for resale and is not subject to Iowa sales tax at the time of purchase.

This rule is intended to implement Iowa Code sections 422.42(3), 422.43, 423.1(1), and 423.2.