

701—16.13(422) Property furnished without charge by employers to employees. When an employer furnishes tangible personal property (including meals) to employees without charge or uses merchandise for gifts or consumption, the cost to the employer of the tangible personal property or merchandise shall be subject to tax and included on the employer's return if the employer has not previously paid tax to a retailer. However, the food purchased by the employer for meals prepared for employees is not subject to tax. See *In the Matter of the Petition of Cedar Rapids Country Club for Declaratory Ruling*, (Rev. Dkt. No. 91-30-6-0541, 12-23-91).

This rule is intended to implement Iowa Code sections 422.42, 422.43, and 422.51.