

**701—16.51(422,423) Sales of services treated as sales of tangible personal property.**

**16.51(1)** Effective July 1, 1984, the sale of engraving, photography, retouching, printing and binding services is no longer the sale of enumerated services but the sale of tangible personal property. For the purposes of this subrule these services will be referred to as “property.”

*a. Definitions and characterizations.*

(1) “*Binding*.” Persons engaged in the business of binding any printed matter, other than for the purpose of ultimate sale at retail, are engaged in the sale of property, the gross receipts of which are subject to tax.

(2) “*Engraving*” includes the business of engraving on wood, metal, stone, or any other material.

(3) “*Photography*” is the art or process of producing images or objects upon a photosensitive surface by the chemical action of light or other radiant energy.

(4) “*Printing*” includes, but is not limited to, any type of printing, lithographing, mimeographing, photocopying and similar reproduction. The following activities are nonexclusive examples of property which are subject to tax: printing of pamphlets, leaflets, stationery, envelopes, folders, bond and stock certificates, abstracts, law briefs, business cards, matchbook covers, campaign posters and banners for the users thereof.

(5) “*Retouching*” includes the renovation or retouching of an existing likeness or design.

*b. Reserved.*

**16.51(2)** Effective May 18, 1984, the sale of vulcanizing, recapping and retreading services is no longer the sale of enumerated services, but is the sale of tangible personal property. For the purposes of this subrule these services will also be referred to as “property.”

*a.* “Vulcanizing” means the act or process of treating crude rubber, synthetic rubber, or other rubber-like material with a chemical and subjecting it to heat in order to increase its strength and elasticity.

*b.* The effective date of the statute mandating change in the treatment of vulcanizing, recapping and retreading is May 18, 1984. However, the change in the treatment of this property is retroactive to January 1, 1979. The statute provides that no tax may be assessed for a retailer’s treatment of the sale of this property as the sale of tangible personal property between the dates January 1, 1979, and May 17, 1984, inclusive. However, no refund may be claimed on any tax collected prior to May 18, 1984, if the basis for the refund claim is the argument that the sale of vulcanizing, recapping and retreading services is the sale of tangible personal property.

**16.51(3)** Effective July 1, 1997, sales of prepaid telephone calling cards and prepaid authorization numbers which furnish the holder with communication service are taxable as sales of tangible personal property. See rule 16.52(422,423) below for an explanation of the sales tax treatment of other types of prepaid merchandise cards.

This rule is intended to implement Iowa Code sections 422.43 and 423.1.