

701—224.5 (423) Bundled transactions in telecommunication service.

224.5(1) A “bundled transaction” is the retail sale of two or more products where:

- a.* The products are otherwise distinct and identifiable; and
- b.* The products are sold for one nonitemized price.

A bundled transaction does not include the sale of any products for which the sales price varies or is negotiable based on the purchaser’s selection of the products included in the transaction.

224.5(2) In the case of a bundled transaction that includes telecommunication service, ancillary service, Internet access, or audio or video programming service, either separately or in combination:

a. If the price is attributable to products that are taxable and products that are nontaxable, the portion of the price attributable to the nontaxable products will be subject to tax unless the provider can identify by reasonable and verifiable standards the portion from the provider’s books and records that are kept in the regular course of business for other purposes, including, but not limited to, nontax purposes.

b. If the price is attributable to products that are subject to tax at different tax rates, the total price may be treated as attributable to the products subject to tax at the highest tax rate unless the provider can identify by reasonable and verifiable standards the portion of the price attributable to the products subject to tax at the lower rate from the provider’s books and records that are kept in the regular course of business for other purposes, including, but not limited to, nontax purposes.

224.5(3) The provisions of this rule apply unless otherwise provided by federal law.

[ARC 9814B, IAB 10/19/11, effective 11/23/11]