

701—224.9 (423) State sales tax exemption for central office equipment and transmission equipment. Effective July 1, 2012, central office equipment and transmission equipment primarily used in the furnishing of telecommunications services on a commercial basis are exempt when used by the following providers: local exchange carriers and competitive local exchange service providers as defined in Iowa Code section 476.96; franchised cable television operators, mutual companies, municipal utilities, cooperatives, and companies furnishing communications services that are not subject to rate regulation as provided in Iowa Code chapter 476; long distance companies as defined in Iowa Code section 477.10; or for a commercial mobile radio service as defined in 47 C.F.R. §20.3. The exemption was phased in beginning in 2006 according to the schedule described in subrule 224.9(2).

224.9(1) Definitions.

“*Central office equipment*” means equipment utilized in the initiating, processing, amplifying, switching, or monitoring of telecommunications services including ancillary equipment and apparatus which support, regulate, control, repair, test, or enable such equipment to accomplish its function. Central office equipment includes:

1. Stored program control digital switches and their associated equipment used to switch or route communication signals with a system from the origination point to the appropriate destination.
2. Peripheral equipment used to support the transmission of communications over the network such as emergency power equipment, fault alarm equipment, multiplex equipment, digital cross connects, terminating equipment, fiber optic electronics, communication hardware equipment, and test equipment.
3. Circuit equipment which utilizes the message path to carry signaling information or which utilizes separate channels between switching offices to transmit signaling information independent of the subscribers’ communication paths or transmission channels.
4. Radio equipment including radio-transmitters and receivers utilized to transmit communication signals through the air from one location to another. Radio equipment also includes repeaters, which are located every 20 to 30 miles; at these points, radio signals are received, amplified and retransmitted.

“*Transmission equipment*” means equipment utilized in the process of sending information from one location to another location. Transmission equipment includes ancillary equipment and apparatus which support, regulate, control, repair, test, or enable such equipment to accomplish its function.

224.9(2) Schedule for phase-in of exemption. This exemption was phased-in beginning in 2006 according to the following schedule:

- a. If the sale or rental occurs on or after July 1, 2006, through June 30, 2007, one-seventh of the state tax on the sales price shall be refunded.
- b. If the sale or rental occurs on or after July 1, 2007, through June 30, 2008, two-sevenths of the state tax on the sales price shall be refunded.
- c. If the sale or rental occurs on or after July 1, 2008, through June 30, 2009, three-sevenths of the state tax on the sales price shall be refunded.
- d. If the sale or rental occurs on or after July 1, 2009, through June 30, 2010, four-sevenths of the state tax on the sales price shall be refunded.
- e. If the sale or rental occurs on or after July 1, 2010, through June 30, 2011, five-sevenths of the state tax on the sales price shall be refunded.
- f. If the sale or rental occurs on or after July 1, 2011, through June 30, 2012, six-sevenths of the state tax on the sales price shall be refunded.
- g. If the sale or rental occurs on or after July 1, 2012, the sales price is exempt and no payment of tax and subsequent refund are required.

224.9(3) Refund claims. For sales or rental occurring on or after July 1, 2006, through June 30, 2012, a refund of the tax paid as provided in subrule 224.9(2) must be applied for, not later than six

months after the month in which the sale or rental occurred, in the manner and on the forms provided by the department. Refunds shall only be of the state tax collected. Refunds authorized shall accrue interest at the rate in effect under Iowa Code section 421.7 from the first day of the second calendar month following the date the refund claim is received by the department.

This rule is intended to implement Iowa Code section 423.3(47A).

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