701—26.5(422) Vehicle repair. Persons engaged in the business of repairing vehicles are rendering, furnishing or performing a service, the gross receipts from which are subject to tax. "Repair" shall include any type of restoration, renovation or replacement of any motor, engine, working parts, accessories, body or interior of the vehicles, but shall not include installation of new parts or accessories which are not replacements, added to the vehicles. "Vehicle" shall mean a vehicle commonly used on a highway propelled by any power other than muscular power. The exemption for transportation services shall not apply.

A fee charged for the disposal of an item in connection with the performance of an enumerated service is subject to tax if the fee for the disposal of the item is not separately contracted for or itemized in the billing for the charge in the itemized service. However, if the fee charged for disposal of an item in connection with the performance of an enumerated service is itemized or separately contracted for, then the disposal fee is not subject to sales or use tax. Items that may be subject to a disposal fee in connection with a taxable service include, but are not limited to, air filters, oil, tires, and batteries.

Also see 701—subrule 18.31(2) relating to auto body shops.

This rule is intended to implement Iowa Code section 422.43(11).