

701—211.2(423) Interstate commerce. Services performed in interstate commerce are exempt from tax if the imposition of tax would violate the United States or Iowa Constitution or laws of the United States. Services performed on tangible personal property are exempt from tax if those services are performed on property that the retailer of the property transfers to a carrier for shipment to a point outside Iowa, places in the United States mail or parcel post directed to a point outside Iowa, or transports to a point outside Iowa by means of the retailer's own vehicles and that is not thereafter returned to a point within Iowa, except solely in the course of interstate commerce or transportation. This exemption does not apply to services performed on property if the purchaser, the consumer, or the agent of either a purchaser or consumer, other than a carrier, takes physical possession of the property in Iowa. Iowa Code sections 423.3(1) and 423.3(43) contain more information.

This rule is intended to implement Iowa Code section 423.3(1).

[ARC 6704C, IAB 11/30/22, effective 1/4/23]