

**Streamlined Sales Tax Governing Board  
Section 328 Taxability Matrix  
Library of Definitions  
(Revised August 1, 2008)**

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Each of the items listed in the chart are defined in the Library of Definitions in the Streamlined Sales and Use Tax Agreement (SSUTA) adopted November 12, 2002 and as amended effective January 1, 2008. Refer to Appendix C of the SSUTA for each definition.

Place an “X” in the appropriate column under the heading “Treatment of definition” to indicate the treatment of each definition in your state. If a product definition was not adopted by your state, enter “NA” in the column under the heading “Reference” and indicate in the “Treatment of definition” columns the treatment of the product in your state. In accordance with the SSUTA, your state must adopt the definitions in the Library of Definitions that apply to your state without qualifications except for those allowed by the SSUTA. For this reason, do not enter any comments or qualifications in the two columns under the heading “Treatment of definition”. If your state has adopted a definition in the Library of Definitions with a qualification not specified in the SSUTA, do not place an “X” in either column under the heading “Treatment of definition” but include a comment in the “Reference” column explaining the qualification. Enter the applicable statute/rule cite in the “Reference” column.

**Sellers and certified service providers are relieved from tax liability to the member state and its local jurisdictions for having charged and collected the incorrect amount of sales and use tax resulting from the seller or certified service provider relying on erroneous data provided by the member state relative to treatment of the terms defined in the Library of Definitions.**

<b>Administrative definitions</b>	<b>Treatment of definition</b>		<b>Reference</b>
	<b>Included in sales price</b>	<b>Excluded from sales price</b>	<b>Statute/Rule Cite</b>
<b>Sales price: Identify how the options listed below are treated in your state. The following options may be excluded from the definition of sales price only if they are separately stated on the bill to the purchaser.</b> <ul style="list-style-type: none"> <li>• Charges by the seller for any services necessary to complete the sale other than delivery and installation</li> </ul>	X		Taxable unless separately contracted for, separately stated on the invoice or similar document, and the amount is not the sales price of a taxable sale or taxable service -2007 Iowa Code, § 423.1(47)
<ul style="list-style-type: none"> <li>• Telecommunication nonrecurring charges</li> </ul>	X		See Above
<ul style="list-style-type: none"> <li>• Installation charges</li> </ul>			Iowa taxes certain enumerated services.

			Some of these services may involve installation of tangible property. 423.2
<ul style="list-style-type: none"> <li>Credit for trade-in</li> </ul>			Trade-in is used to reduce the selling price if the property being traded is normally sold in the seller's business. 423.1(47) & 423.3(59)
<ul style="list-style-type: none"> <li><b>Delivery charges: The following options may be excluded from the definition of delivery charges only if they are separately stated on the bill to the purchaser.</b></li> </ul>	<b>Included in sales price</b>	<b>Excluded from sales price</b>	<b>Statute/Rule Cite</b>
<ul style="list-style-type: none"> <li>Handling, crating, packing, preparation for mailing or delivery, and similar charges</li> </ul>		X	Taxable unless separately contracted for, separately stated on the invoice or similar document, and the amount is not the sales price of a taxable sale or taxable service -2007 Iowa Code, § 423.1(47)
<ul style="list-style-type: none"> <li>Transportation, shipping, postage, and similar charges</li> </ul>		X	See above
<ul style="list-style-type: none"> <li>Delivery charges for direct mail</li> </ul>		X	See above
<b>Sales Tax Holidays</b>	<b>Yes</b>	<b>No</b>	<b>Statute/Rule Cite</b>
<b>Sales Tax Holidays: Does your state have a sales tax holiday?</b>	X		Tax holiday of two days in August allowed for clothing with a sale price of less than \$100-2007 Code, § 423.3(68).
Indicate if your state has a sales tax holiday for the following products.			
<ul style="list-style-type: none"> <li>Energy star qualified product</li> </ul>		X	
<ul style="list-style-type: none"> <li>School supply</li> </ul>		X	
<ul style="list-style-type: none"> <li>School art supply</li> </ul>		X	
<ul style="list-style-type: none"> <li>School instructional material</li> </ul>		X	
<ul style="list-style-type: none"> <li>School computer supply</li> </ul>		X	
<ul style="list-style-type: none"> <li>Computers</li> </ul>		X	
<ul style="list-style-type: none"> <li>Prewritten computer software</li> </ul>		X	
<ul style="list-style-type: none"> <li>Clothing</li> </ul>	X		See above
Other defined products (please specify)		X	
<ul style="list-style-type: none"> <li></li> </ul>			
<ul style="list-style-type: none"> <li></li> </ul>			

<b>Product definitions</b>			
<b>Clothing and related products</b>	<b>Taxable</b>	<b>Exempt</b>	<b>Statute/Rule Cite</b>
Clothing	X		Tax holiday of two days in August allowed for clothing with a sale price of less than \$100-2007 Code, § 423.3(68). Taxed under 423.2
Fur clothing	X		423.2
Clothing accessories or equipment	X		“
Protective equipment	X		“
Sport or recreational equipment	X		“
<b>Computer related products</b>	<b>Taxable</b>	<b>Exempt</b>	<b>Statute/Rule Cite</b>
Computer			Computers used in processing or storage of data or information by an insurance company, financial institution, or commercial enterprise are exempt - 2007 Code, § 423.3(47)”a” (4).
Computer software (both prewritten and non-prewritten)			Dept. rule 701-18.34(1)”b”(4) (Custom Software Only Exempt)
Computer software (both prewritten and non-prewritten) delivered electronically		X	(Any Software)
Computer software (both prewritten and non-prewritten) delivered via load and leave			(Custom Software exempt, Canned Software Taxable)
Prewritten computer software	X		Department rule 701-18.34(1)”b”(3)
Prewritten computer software delivered electronically		X	2007 Iowa Code, § 423.3(67).
Prewritten computer software delivered via load and leave	X		423.2(1), 423.3(67) and Department rule 701-231.14(423).
<b>Digital Product Definitions</b>	<b>Yes</b>	<b>No</b>	<b>Statute/Rule Cite</b>
Products Transferred Electronically (A state imposing tax on products “transferred electronically” is not required to adopt definitions of specified digital products. Does your state impose tax on products transferred electronically?)		X	
	<b>Taxable</b>	<b>Exempt</b>	<b>Statute/Rule Cite</b>
Specified Digital Products (with rights of permanent use)		X	2007 Iowa Code, § 423.3(67).
Specified Digital Products (with rights of less than permanent use)		X	“
Specified Digital Products (with rights conditioned on continued payments)		X	“
• Digital Audio Visual Works (with rights for permanent use)		X	“
• Digital Audio Visual Works (with rights of less than permanent use)		X	“

• Digital Audio Visual Works (with rights conditioned on continued payments)		X	“
• Digital Audio Works (with rights for permanent use)		X	“
• Digital Audio Works (with rights of less than permanent use)		X	“
• Digital Audio Works (with rights conditioned on continued payments)		X	“
• Digital Books (with rights for permanent use)		X	“
• Digital Books (with rights of less than permanent use)		X	“
• Digital Books (with rights conditioned on continued payments)		X	“
<b>Section 332H provides states may have product based exemptions for specific items within specified digital products. List product based exemptions for specific items included in specified digital products.</b>	<b>Taxable</b>	<b>Exempt</b>	<b>Statute/Rule Cite</b>
• N/A			
•			
•			
<b>Food and food products</b>	<b>Taxable</b>	<b>Exempt</b>	<b>Statute/Rule Cite</b>
Food and food ingredients excluding alcoholic beverages and tobacco		X	2007 Iowa Code, § 423.3(57)
Candy	X		“
Dietary Supplements	X		“
Soft Drinks	X		423.3(57)“g”
Food sold through vending machines			The definition is adopted with the qualification that food sold through a vending machine which could be purchased with food stamps is not taxable. Items not exempt are taxed.
Prepared Food	X		2007 Iowa Code, § 423.3(57)
<b>Prepared food options - indicate whether the following options are included or excluded from the definition of prepared food. Options excluded from prepared food are taxed the same as food and food ingredients.</b>	<b>Included in definition</b>	<b>Excluded from definition</b>	<b>Statute/Rule Cite</b>
• Food sold without eating utensils provided by the seller whose primary NAICS classification is manufacturing in sector 311, except subsector 3118 (bakeries)	X		2007 Iowa Code, § 423.3(57)“f”(3)
• Food sold without eating utensils provided by the seller in an unheated state by weight or volume as a single item		X	2007 Iowa Code, § 423.3(57)“f”(3)(d)
• Bakery items sold without eating utensils provided by the seller, including bread, rolls, buns, biscuits, bagels, croissants, pastries, donuts, Danish, cakes, tortes, pies, tarts, muffins, bars, cookies, tortillas			The exclusion is limited to bakery items sold by the seller which baked them. There is no mention of a sale without eating utensils. See § 423.3(57)“f”(3)c)
<b>Health-care products</b>	<b>Taxable</b>	<b>Exempt</b>	<b>Statute/Rule Cite</b>
<b>Drugs</b> (indicate how the options are treated in your state)			

• Drugs (both human and animal use) without a prescription	X		423.2(1)
• Drugs (both human and animal use) with a prescription		X	423.3(60)
• Drugs for human use without a prescription	X		423.2(1)
• Drugs for human use with a prescription		X	2007 Iowa Code, § 423.3(60)
• Insulin (both human and animal use) without a prescription		X	423.3(60)
• Insulin (both human and animal use) with a prescription		X	423.3(60)
• Insulin for human use without a prescription		X	423.3(60)
• Insulin for human use with a prescription		X	423.3(60)
• Medical oxygen (both human and animal use) without a prescription		X	423.3(60)
• Medical oxygen (both human and animal use) with a prescription		X	423.3(60)
• Medical oxygen for human use without a prescription		X	423.3(60)
• Medical oxygen for human use with a prescription		X	423.3(60)
• Over-the-counter drugs (both human and animal use) without a prescription	X		423.2(1)
• Over-the-counter drugs (both human and animal use) with a prescription		X	423.3(60)
• Over-the-counter drugs for human use without a prescription	X		423.2(1)
• Over-the-counter drugs for human use with a prescription		X	423.3(60)
• Grooming and hygiene products (both human and animal use)	X		423.2(1)
• Grooming and hygiene products for human use	X		423.2(1)
• Drugs for human use to hospitals and other medical facilities			Could be exempt as a sale for resale or sale to a nonprofit hospital or other nonprofit medical facility. See Code §§ 423.3(2), (18) and (27).
• Prescription drugs for human use to hospitals and other medical facilities		X	423.3(60)
• Drugs for animal use to veterinary hospitals and other animal medical facilities			
• Prescription drugs for animal use to hospitals and other animal medical facilities		N/A	
• Taxable and nontaxable drugs bundled together	X		423.2(1)
• Free samples of drugs for human use	X		423.2(1)
• Free samples of prescription drugs for human use		X	423.3(59)
• Free samples of drugs for animal use		N/A	
• Free samples of prescription drugs for animal use		N/A	
<b>Durable medical equipment</b> (indicate how the options are treated in your state)	<b>Taxable</b>	<b>Exempt</b>	<b>Statute/Rule Cite</b>
• Durable medical equipment without a prescription	X		§ 423.3(60) 2007 Code
• Durable medical equipment with a prescription		X	423.3(60) Durable medical equipment must be for home use and prescribed to be exempt.
• Durable medical equipment paid for by Medicare		X	See above
• Durable medical equipment reimbursed by Medicare		X	See above
• Durable medical equipment paid for by Medicaid		X	See above
• Durable medical equipment reimbursed by Medicaid		X	See above

• Durable medical equipment for home use without a prescription	X		423.2(1)
• Durable medical equipment for home use with a prescription		X	423.3(60)
• Durable medical equipment for home use paid for by Medicare		X	See above
• Durable medical equipment for home use reimbursed by Medicare		X	See above
• Durable medical equipment for home use paid for by Medicaid		X	See above
• Durable medical equipment for home use reimbursed by Medicaid		X	See above
• Oxygen delivery equipment without a prescription		X	423.3(60)
• Oxygen delivery equipment with a prescription		X	See above
• Oxygen delivery equipment paid for by Medicare		X	See above
• Oxygen delivery equipment reimbursed by Medicare		X	See above
• Oxygen delivery equipment paid for by Medicaid		X	See above
• Oxygen delivery equipment reimbursed by Medicaid		X	See above
• Oxygen delivery equipment for home use without a prescription		X	See above
• Oxygen delivery equipment for home use with a prescription		X	See above
• Oxygen delivery equipment for home use paid for by Medicare		X	See above
• Oxygen delivery equipment for home use reimbursed by Medicare		X	See above
• Oxygen delivery equipment for home use paid for by Medicaid		X	See above
• Oxygen delivery equipment for home use reimbursed by Medicaid		X	See above
• Kidney dialysis equipment without a prescription	X		423.2(1)
• Kidney dialysis equipment with a prescription		X	423.3(60)
• Kidney dialysis equipment paid for by Medicare		X	See above
• Kidney dialysis equipment reimbursed by Medicare		X	See above
• Kidney dialysis equipment paid for by Medicaid		X	See above
• Kidney dialysis equipment reimbursed by Medicaid		X	See above
• Kidney dialysis equipment for home use without a prescription	X		423.2(1)
• Kidney dialysis equipment for home use with a prescription		X	423.3(60)
• Kidney dialysis equipment for home use paid for by Medicare		X	See above
• Kidney dialysis equipment for home use reimbursed by Medicare		X	See above
• Kidney dialysis equipment for home use paid for by Medicaid		X	See above
• Kidney dialysis equipment for home use reimbursed by Medicaid		X	See above
• Enteral feeding systems without a prescription	X		423.2(1)
• Enteral feeding systems with a prescription		X	423.3(60)
• Enteral feeding systems paid for by Medicare		X	See above
• Enteral feeding systems reimbursed by Medicare		X	See above
• Enteral feeding systems paid for by Medicaid		X	See above
• Enteral feeding systems reimbursed by Medicaid		X	See above
• Enteral feeding systems for home use without a prescription	X		423.2(1)
• Enteral feeding systems for home use with a prescription		X	423.3(60)
• Enteral feeding systems for home use paid for by Medicare		X	See above
• Enteral feeding systems for home use reimbursed by Medicare		X	See above

• Enteral feeding systems for home use paid for by Medicaid		X	See above
• Enteral feeding systems for home use reimbursed by Medicaid		X	See above
• Repair and replacement parts which are for single patient use		X	See above
<b>Mobility enhancing equipment</b> (indicate how the options are treated in your state)	<b>Taxable</b>	<b>Exempt</b>	<b>Statute/Rule Cite</b>
• Mobility enhancing equipment without a prescription	X		§ 423.3(60) 2007 Code
• Mobility enhancing equipment with a prescription		X	“
• Mobility enhancing equipment paid for by Medicare		X	“
• Mobility enhancing equipment reimbursed by Medicare		X	“
• Mobility enhancing equipment paid for by Medicaid		X	“
• Mobility enhancing equipment reimbursed by Medicaid		X	“
<b>Prosthetic devices</b> (indicate how the options are treated in your state)	<b>Taxable</b>	<b>Exempt</b>	<b>Statute/Rule Cite</b>
• Prosthetic devices without a prescription		X	2007 Code, § 423.3(60)
• Prosthetic devices with a prescription		X	“
• Prosthetic devices paid for by Medicare		X	“
• Prosthetic devices reimbursed by Medicare		X	“
• Prosthetic devices paid for by Medicaid		X	“
• Prosthetic devices reimbursed by Medicaid		X	“
• Corrective eyeglasses without a prescription		X	“
• Corrective eyeglasses with a prescription		X	“
• Corrective eyeglasses paid for by Medicare		X	“
• Corrective eyeglasses reimbursed by Medicare		X	“
• Corrective eyeglasses paid for by Medicaid		X	“
• Corrective eyeglasses reimbursed by Medicaid		X	“
• Contact lenses without a prescription		X	“
• Contact lenses with a prescription		X	“
• Contact lenses paid for by Medicare		X	“
• Contact lenses reimbursed by Medicare		X	“
• Contact lenses paid for by Medicaid		X	“
• Contact lenses reimbursed by Medicaid		X	“
• Hearing aids without a prescription		X	“
• Hearing aids with a prescription		X	“
• Hearing aids paid for by Medicare		X	“
• Hearing aids reimbursed by Medicare		X	“
• Hearing aids paid for by Medicaid		X	“
• Hearing aids reimbursed by Medicaid		X	“
• Dental prosthesis without a prescription		X	“
• Dental prosthesis with a prescription		X	“
• Dental prosthesis paid for by Medicare		X	“
• Dental prosthesis reimbursed by Medicare		X	“

• Dental prosthesis paid for by Medicaid		X	“
• Dental prosthesis reimbursed by Medicaid		X	“
<b>Telecommunications &amp; related products</b>	<b>Taxable</b>	<b>Exempt</b>	<b>Statute/Rule Cite</b>
Ancillary Services			
• Conference bridging service	X		2007 Code, § 423.2(2) and 423.20
• Detailed telecommunications billing service	X		“
• Directory assistance	X		“
• Vertical service	X		“
• Voice mail service	X		“
<b>Telecommunications (Indicate how the options are treated in your state)</b>	<b>Taxable</b>	<b>Exempt</b>	<b>Statute/Rule Cite</b>
• Intrastate Telecommunications Service	X		2007 Code, § 423.2(9), 423.20
• Interstate Telecommunications Service	X		“
• International Telecommunications Service	X		“
• International 800 service	X		“
• International 900 service	X		“
• International fixed wireless service	X		“
• International mobile wireless service	X		“
• International paging service	X		“
• International prepaid calling service	X		“
• International prepaid wireless calling service	X		“
• International private communications service	X		“
• International value-added non-voice data service	X		“
• International residential telecommunications service	X		“
• Interstate 800 service	X		“
• Interstate 900 service	X		“
• Interstate fixed wireless service	X		“
• Interstate mobile wireless service	X		“
• Interstate paging service	X		“
• Interstate prepaid calling service	X		“
• Interstate prepaid wireless calling service	X		“
• Interstate private communications service	X		“
• Interstate value-added non-voice data service	X		“
• Interstate residential telecommunications service	X		“
• Intrastate 800 service	X		“
• Intrastate 900 service	X		“
• Intrastate fixed wireless service	X		“
• Intrastate mobile wireless service	X		“
• Intrastate paging service	X		“

• Intrastate prepaid calling service	X		“
• Intrastate prepaid wireless calling service	X		“
• Intrastate private communications service	X		“
• Intrastate value-added non-voice data service	X		“
• Intrastate residential telecommunications service	X		“
• Coin-operated telephone service	X		“
• Pay telephone service	X		“
• Local Service as defined by <u>IOWA</u> (state)	X		“