

Iowa Tax Reform Guidance: Photography and Retouching Services

Iowa Governor Kim Reynolds signed Senate File 2417, an extensive state tax reform bill to improve the tax structure in Iowa. The 2018 Iowa Tax Reform Bill recognizes that the method of delivering photography and retouching services has changed and that the service may or may not result in a physical product.

This law modernizes the language of the code so that photography and retouching services are taxed consistently regardless of whether the final product is physical or electronic. This will simplify the tax on goods and services sold by photography business and equalize the taxability of physical and electronic products. Prior to July 1, 2018, sales tax was collected on photography and retouching services inconsistently depending on whether a physical product (e.g. printed photos, flash drive, or a CD) was provided in conjunction with the service.

What is Changing?

Effective July 1, 2018: photography and retouching services are taxable regardless of whether the final product is physical or electronic.

Effective January 1, 2019: digital photographs or other products delivered electronically are taxable. Photography and retouching services, physical photographs, camera repair, and other physical media continue to be subject to tax.

Examples of Sales Taxable Services

- Processing, developing and printing of film or digital photos. Reproducing documents, drawings, blueprints, or photographs.
- **Effective July 1, 2018:** Sitting fees, videography, enlarging, retouching, and tinting or coloring photos, if charged for, regardless of whether a physical product is provided.
- **Effective January 1, 2019:** Photo sharing services.

Examples of Sales Taxable Goods

- Cameras, equipment rental, photobooks, frames, cards, calendars, photos or videos, software, film, and photo paper.
- **Effective January 1, 2019:** Digital photographs and links.









Mission Statement:

The mission of the Iowa Department of Revenue is to serve Iowans and support state government by collecting all taxes required by law, but no more.

Sales Taxable Scenarios:

Photographers structure the costs of their services and bill their customers in various ways. Below are examples of the products and services that a photographer may charge for and the tax treatment of those sales. **Remember:** the product or service is only taxed if the photographer charges their customer.

Type of sale	Taxable July 1, 2018	Taxable Jan 1, 2019
 Photoshoot/Sitting Fee: The taking of photographs	Yes	Yes
 Retouching Fee: Post-photoshoot editing of photographs	Yes	Yes
 Printed Photographs: Printed photographs by the photographer	Yes	Yes
 Online Purchase: Printed photographs purchased from a self-serve website	Yes	Yes
 Digital Archive: Access to an online archive where photographs are hosted	No	Yes
 Digital Slideshow: Access to a slideshow of photographs that can be downloaded by the customer	No	Yes

What does this mean?

- **Effective July 1, 2018:** the photography and retouching services are taxable regardless of whether the final product is physical or electronic.
- **Effective January 1, 2019:** digital photographs or other products delivered electronically are taxable.