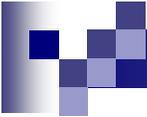


Iowa Sales Tax on Lawn Care & Landscaping

Information for businesses
from the

IOWA  Department of **REVENUE**



Are Lawn Care & Landscaping Subject to Iowa Sales Tax?

YES

Lawn care and landscaping are
both taxable services in Iowa.



What is Included in “Lawn Care”?

Lawn care includes the following:

- mowing
- trimming
- watering
- fertilizing
- reseeding
- resodding
- killing of insects, moles, weeds, or fungi

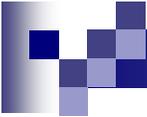


What is Considered a “Lawn”?

A lawn includes the following:

- cemetery grounds
- golf courses
- parks
- grass surrounding residential or commercial buildings or structures

Care of these are taxable, unless the owner of the property is exempt, such as a governmental entity.



What Isn't Considered a “Lawn”?

The following are not considered a lawn:

- ditches
- vacant lots
- railroad right-of-way
- an isolated patch of grass or weeds

Care of these are not taxable.

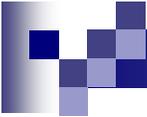


Does Everyone (even kids) Doing Lawn Care Need to Collect Sales Tax?

Generally, yes; but there is one exception.

A casual sale exemption exists if:

- the owner of the business is the only person performing the services;
- the owner of the business is a full-time student; and
- total gross receipts from the services do not exceed \$5,000 for a calendar year.



What is Included in “Landscaping”?

Landscaping means arranging or modifying the natural condition of an area of land to make it suitable for public or private use or enjoyment.

This service is taxable.



What Isn't Taxable as Landscaping?

- services performed by a “landscape architect” registered under Iowa Code section 544B.2, if separately stated and separately billed.
- landscaping performed on or in connection with new construction, reconstruction, alteration, expansion, or remodeling of a building or structure.

These services are exempt.



What About the Materials Used in Lawn Care & Landscaping?

Lawn care and landscaping materials include the following:

- fertilizer
- chemicals
- sod
- seed
- dirt
- trees
- shrubbery
- bulbs
- sand
- woodchips
- rock
- other similar items

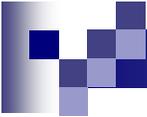


How is Sales Tax Handled on Those Materials?

Lawn care and landscaping materials can be purchased tax free for resale if all the following are met:

- the service provider and the customer agree that the materials are being sold separately from the service
- the materials must be sold to the customer in a definite quantity or amount and with a specific price attached
- the cost of the materials must be itemized on the bill
- the service provider must charge the customer sales tax on the entire amount for materials and labor

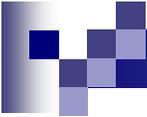
When materials are purchased for resale, the service provider must give their supplier a valid Iowa Sales Tax Exemption Certificate.



Do You Have Examples I Can Look at That Show How Materials Should be Billed?

Yes

Sample invoices can be seen on pages 2 and 3 of the [Landscaping and Lawn Care](#) publication.



Can Landscapers Sometimes be Contractors?

YES

When providing both labor and materials to build a structure, the landscaper is considered to be a construction contractor for that portion of the job.



What is Considered to be a Structure?

Structures include the following:

- retaining walls
- lawn lighting systems
- lawn irrigation systems
- pools
- walks
- any other item permanently attached to real property



How Does the Landscaper Handle Sales Tax When Working as a Contractor?

- The landscaper is considered the consumer of any materials used to build a structure.
- When working as a construction contractor, landscapers must pay sales tax on all building materials to their suppliers.
- The landscaper includes their sales tax expense as part of the bid price for the project.
- No sales tax is charged to the customer.



Questions?

- For more information see [Landscaping and Lawn Care](#).
- Call us: 8 a.m. - 4:15 p.m. CT
515-281-3114 or
1-800-367-3388 (Iowa, Omaha, Rock Island, Moline)
- E-mail us at idr@iowa.gov