

**701—26.56 (422) Cable and pay television.** On and after July 1, 1990, persons engaged in the business of distributing the signals of one or more television broadcasting stations, or other television programming to subscribers, and using any transmission path, including a cable, for these signals are rendering the service of “pay television,” the gross receipts of which are subject to tax. Thus, the gross receipts from a service broadcasting signals from a satellite directly to a customer’s “satellite dish” or other receiving antenna would be taxable. Also taxable as the gross receipts from a “pay television service” would be the rental of any device used for decoding scrambled signals received from a communications satellite.

On and after July 1, 1985, and prior to July 1, 1990, the service of “cable television” only, rather than “pay television” was subject to tax. Thus, only if television programming was transmitted to subscribers by means of a cable during this five-year period were the gross receipts of that service subject to tax. A cable television service would include any facility using fiber optics as a transmission path for its distribution of signals to its customers. Prior to July 1, 1990, the gross receipts of a company broadcasting signals from a satellite directly to a customer’s “satellite dish” or other receiving antenna would not be subject to tax as the service of “cable television”; however, such a system could be a taxable “communication service.” See rule 701—18.20(422). The gross receipts from the installation of cable television service, separately itemized and billed, are not subject to tax.

The following television services are taxable, in any event, on and after July 1, 1990. These services are also taxable on and after July 1, 1985, if transmitted to viewers by way of a cable: the gross receipts from payments to view single events, as well as subscription payments are subject to tax. Also subject to tax are the gross receipts from any television service serving fewer than 50 subscribers or serving only customers in one or more multiple unit dwellings under common ownership, control, or management. Any person distributing signals to television screens in auditoriums or other buildings which show boxing matches and other events for viewing by a paying audience is in the business of providing a television service. Gross receipts from providing these signals to exhibitors of boxing matches or other events are subject to tax.

See 701—subrule 18.5(3) and rule 701—18.39(422,423) for a description of the special circumstance regarding taxation and nontaxation of municipally owned pay television service.

See rule 701—18.43(422,423) for an exemption applicable to cable television only for written contracts in effect on April 1, 1985.

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