



Automobile Dealers Association of Indiana, Inc.

REGULATORY BULLETIN

CINDY WAGNER
Regulatory Agency Liaison

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BULLETIN #33

INDIANA DEPARTMENT OF REVENUE RELEASES **REVISED IB #28S - SALES TAX ON VEHICLES**

The Indiana Department of Revenue (IDOR) just released its updated version of Information Bulletin #28S – May 2007 (suspended May 17, 2007 shortly after its initial release) which replaced suspended IB #28 – July 2005 which had been suspended since early 2006. This new bulletin – Information Bulletin #28S October 2007 - sets out the recommended guidelines dealers are to follow when collecting sales tax on vehicle and trailer purchases.

Information Bulletin #28S October 2007 discusses the following topics:

- General Application of Taxation: Effective July 1, 2004 (All sales in Indiana subject to tax.)
- Recreational Vehicles & Trailers Only: Effective July 1, 2005 (Nonresident partial or full exemption.)
- Recreational Vehicles & Trailers Only: Effective July 1, 2006 (Nonresident from reciprocal state full exemption – 11 to 13 non-qualifying jurisdictions.)
- I. Amount Subject to Tax
 - A. Rebates versus Various Other Forms of Discounts
 - Manufacturer's Rebate (taxable)
 - Manufacturer's Price Reduction (exempt)
 - Dealer's Price Discount (exempt)
 - Rebate Example
 - Employee Discount Example (taxable)
 - B. Trade-In Allowance
 - Trade-In Value for Sales
 - C. Documentation Fees
- II. Sales – Examples of Taxable Selling Price
 - A. Dealer Discount with Trade-In
 - B. Dealer Discount with Trade-In and Manufacturer's Rebate Paid to Customer
 - C. Dealer Discount with Trade-In and Manufacturer's Rebate Paid to Dealer
 - D. Dealer Discount with Trade-In and Manufacturer's Cost Reduction Not Paid to Dealer
- III. Interstate Commerce Exemption (*NEW SECTION*: Supports Commissioner's Directive #25)
 - Out-of-State Delivery of Vehicle by Dealer (Exempt)
 - Out-of-State Delivery of Vehicle Arranged by Purchaser (Taxable)
- IV. Shop Supplies Consumed by a Dealer
 - Sales Tax From Dealer Due When Initially Purchased
 - Use Tax Due From Dealer When Used If Initially Purchased Exempt
 - Dealer May Charge Customer a Fee For Use

If you would like a copy of IDOR's new IB #28S, you may download a copy from ADAI's website at www.adai-inc.org. Just click on "Dept of Revenue Links" on the left-hand side, then "Information Bulletins – Sales Tax" and choose "IB #28S – Vehicles". You may also download a copy from IDOR's website at www.in.gov/dor/business/dealer.html.

If you have any questions pertaining to IB #28S, please contact Cindy Wagner in the ADAI headquarters at 1-800-862-0363 or email cindy@adai-inc.org.