



Automobile Dealers Association of Indiana, Inc.

REGULATORY BULLETIN

CINDY WAGNER
Regulatory Agency Liaison

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BULLETIN #32

REGULATORY "BITS 'N PIECES"

Indiana Department of Revenue:

- ***Doc Fee Taxation Clarification:*** The Indiana Department of Revenue (IDOR) has asked ADAI to further clarify its policy on the taxation of documentary fees (*see ADAI Regulatory Bulletin #31*). Dealer 'doc' fees are assessed for the preparation of documents necessitated by the sale of a vehicle excluding those involving financing of the vehicle. If the work for which the doc fee is charged is performed after delivery of the vehicle, the doc fee is exempt from sales tax. For example: typically, the salesperson and financial officer complete only the sales and finance documents; then, those documents are sent to the Office section of the dealership where they are reviewed and paired with other ownership documents necessary for obtaining a title to the vehicle - work covered by the doc fees. The customer has already taken possession of the vehicle and left the dealership by this time - the paperwork will either be processed by the dealership or mailed to the customer at a later date. The doc fees are therefore, exempt from sales tax. Watch for the expected release of IB#28S which will contain an IDOR explanation of doc fee taxation.
- ***Trade-in Vehicle Sales Tax Credit:*** IDOR would like to clarify its discussion regarding 'immediate family member' trade-ins (*see ADAI Regulatory Bulletin #31*) by stating it still stands by its long-term statutory policy that the vehicle being traded must be titled/owned by who is trading-in the vehicle for a vehicle purchase. IDOR states this issue was a discussion only, given a very specific set of facts as presented by ADAI where IDOR assumed the vehicle was titled in the name of the person seeking the trade allowance. It was mentioned in ADAI's Regulatory Bulletin #31 as being verbally granted but not officially sanctioned in writing by the Department.

Indiana Bureau of Motor Vehicles:

- ***Colored Documents (ST-108 & ST-108E):*** The BMV has started to use scanners instead of microfilming documents submitted for titling. There is an issue with the colored documents that dealers submit with their paperwork. BMV is requesting dealers print and submit their paperwork on plain white paper - instead of using pink or yellow for ST-108s. Note: IDOR does not care what color the ST-108s are since their 8-1/2" x 11" forms may be downloaded and printed from their website.
- ***Leased Vehicle Registrations:*** In late June a memorandum was sent by the BMV to many license branches stating they could no longer register a leased vehicle in the lessor's (owner) name; it must be registered in the lessee's name. ADAI contacted the BMV about this 'new policy' supporting the registration of leased vehicles in the name of the lessor. On July 20 the BMV notified ADAI it had suspended the memo and instructed those branches to process all registrations for leased vehicles as they did prior to the receipt of that memo.
- ***Speed Title Pick-up:*** Starting August 6, 2007 the Speed Title Pick-up location will be changed to: Indianapolis Midtown/Dealer License Branch #193, 4050 Meadows Parkway, Indianapolis, Indiana. The license branch telephone number is 317-547-2446.

Secretary of State – Securities Division, Dealer Department:

- ***Vehicle Merchandizing Regulating Authority Changed:*** Effective July 1, 2007 the regulating agency governing dealer operations changed from the Bureau of Motor Vehicles to the Indiana Secretary of State (SOS). The Dealer Division is now under the authority of the Securities Division of the SOS. Information previously found on the BMV website may now be accessed from the SOS website at: www.in.gov/sos/securities. Click on "Automobile Dealer Services" to see the listing of online information.
- ***Cardboard Plate Sales Between Dealers Prohibited:*** The Dealer Division would like to remind dealers that effective May 2007, the regulations regarding interim (cardboard) plate sales between dealers (140 IAC 3.5-2-15) were amended. The amendment deleted the subsections allowing sales of cardboard plates between dealers as well as combining other subsections of the regulation. The state's contention is that Indiana statute only allows sales of interim plates by the state. They assure ADAI they will be able to provide adequate stock to meet the dealers' needs.

If you have any questions regarding this bulletin, please contact Cindy Wagner at ADAI headquarters.