

COMMISSIONER'S DIRECTIVE #16

September 2005

(Replaces Commissioner's Directive #16 dated July 2005)

DISCLAIMER: Commissioner's Directives are intended to provide nontechnical assistance to the general public. Every attempt is made to provide information that is consistent with the appropriate statutes, rules and court decisions. Any information that is not consistent with the law, regulations or court decisions is not binding on either the Department or the taxpayer. Therefore the information provided herein should serve only as a foundation for further investigation and study of the current law and procedures related to the subject matter covered herein.

SUBJECT: New or Replacement Tires on Vehicles

REFERENCES: IC 13-11-2-231; IC 13-11-2-245; and IC 13-20-13-7

I. INTRODUCTION

The purpose of this Directive is to outline the procedures to be followed in collecting and remitting the tire fee. The statute does not apply to the sale of used or retreaded tires.

II. IMPOSITION OF FEE

There is a \$0.25 fee imposed on each new tire sold in Indiana for use on a motor vehicle, and types of equipment, machinery, implements or other devices used in transportation, manufacturing, agriculture, construction or mining. Effective July 1, 2005, the fee includes tires mounted on farm tractors, implements of husbandry and semi trailers. The fee is also imposed on garden tractors with twenty-five (25) horsepower or more. "New tire" means a tire that has never been mounted on the wheel of a vehicle.

The fee is also imposed on each new tire mounted on a vehicle at the time the vehicle is sold, and any spare tire that is included with the vehicle. Purchases by governmental units and nonprofit organizations **are not** exempt from the tire fee. The fee imposed shall be collected by the person selling the new tire to the ultimate consumer of the tire or vehicle.

If an out-of-state seller is registered to collect and remit the sales and use tax, then the out-of-state seller is required to collect and remit the tire fee.

III. EXEMPTIONS

The fee is not imposed on tires used on lawn mowers and garden tractors that are propelled by motors with less than twenty-five (25) horsepower. The fee is not imposed on new tires mounted on a non self-propelled vehicle for personal use such as a boat trailer or a camper trailer. Tires purchased for resale without being mounted on a motor vehicle are exempt from the tire fee.

IV. REMITTANCE OF THE FEE

The law requires the tire fee to be remitted at the same time as the sales tax. If a taxpayer is required to file by the 20th of the month through electronic funds transfer, the taxpayer is also required to remit the tire fee by the 20th of the month through electronic funds transfer.

The taxpayer that is remitting the tire fee is entitled to retain one percent (1%) of the amount collected as compensation for filing and remitting the fee.

The tire fee is to be remitted using Form TF-103. This form is required to be filed with the remittance of the tire fee unless the payment is remitted through electronic funds transfer and then only a quarterly recap is required to be filed.

The tire fee can also be remitted and returns can be filed by using INTAX at www.intax.in.gov.

V. USAGE OF THE FEES COLLECTED

Revenue from the tire fee is deposited in the waste tire management fund. All money deposited in the fund may be used by the Department of Environmental Management for waste reduction, recycling, removal, or remediation projects.

A handwritten signature in black ink that reads "John Eckart". The signature is written in a cursive style and is positioned above a solid horizontal line.

John Eckart
Commissioner