



INFORMATION BULLETIN #15

SALES TAX

AUGUST 2014

(Replaces Information Bulletin #15 dated August 2009)

Effective Date: Upon Publication

SUBJECT: Application of Indiana Sales Tax to Special Fuels Sold Through Stationary Metered Pumps

REFERENCES: IC 6-2.5-5-49; IC 6-2.5-7; 45 IAC 2.2-7

DISCLAIMER: Information bulletins 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 inconsistent with the law, regulations, or court decisions is not binding on either the department or the taxpayer. Therefore, information provided in this bulletin should serve only as a foundation for further investigation and study of the current law and procedures related to its subject matter.

SUMMARY OF CHANGES

Apart from technical, nonsubstantive changes, this bulletin has been changed to eliminate the language concerning the sales tax on gasoline because gasoline is now subject to the gasoline use tax. Eliminates language concerning sales tax on aviation fuel because as of July 1, 2013, aviation fuel is subject to the aviation fuel excise tax. Provides that natural gas products are considered to be special fuel.

I. NATURAL GAS PRODUCTS

Natural gas products are subject to sales tax and do not qualify for the public transportation exemption unless the natural gas is used by a public transportation corporation providing public transportation for persons.

II. SPECIAL FUEL: CALCULATING THE TAX

- A. Special fuels include those fuels commonly known as diesel fuel, biodiesel, blended biodiesel, and natural gas products which include liquid or compressed natural gas, or a combination of liquefied petroleum gas and a compressed natural gas product. Fuels that are not gasoline by statute will be considered a special fuel.

- B. The sales tax is applied to the total sales price of the special fuel sold (except for the part that constitutes Indiana special fuel tax or federal excise tax) unless the retail merchant designates the metered pumps by a sign that reads “TRUCKS ONLY”. To do this, a retail merchant must place at the pump a sign that states that fuel dispensed from the metered pump may be placed only in the fuel supply tanks of trucks. A sign that reads “TRUCKS ONLY” is sufficient to meet the requirements. If the purchaser does not issue an exemption certificate indicating that the vehicle is engaged in public transportation and uses a “TRUCKS ONLY” pump, the sales tax is required to be charged to the purchaser. The sales tax will be the sales tax rate times the raw price of the fuel that excludes state and federal excise taxes.

A retail merchant may not dispense alternative fuel from a metered pump that is designated for “TRUCKS ONLY”.

A retail merchant may not, after Dec. 31, 2014 and before Jan. 1, 2017, designate any metered pump that dispenses natural gas products as being “TRUCKS ONLY”.

A retail merchant may not dispense special fuel from a metered pump that is designated for “TRUCKS ONLY” into the supply tank of a vehicle that is not a truck.

A retail merchant is not required to display the total price per unit of the special fuel on a metered pump if that particular metered pump is designated for “TRUCKS ONLY”.

- C. Each seller is responsible for deducting the correct amount of state and federal excise tax to determine the base for computing sales or use tax.

III. EXEMPT SALES OF SPECIAL FUEL SOLD THROUGH A STATIONARY METERED PUMP DESIGNATED “TRUCKS ONLY”

- A. The retail merchant may accept a properly completed exemption certificate from the purchaser of diesel or other special fuel where the sales tax is not required to be included in the pump price. Form ST-105 cannot be accepted for sales of alternative fuels. The ST-105 allows a nonregistered exempt buyer to purchase exempt.
- B. Exemption certificate Form ST-105 is normally used to certify exempt use. Farmers or others hauling their own products are not eligible for the exemption for persons engaged in public transportation. The purchaser’s vehicle must be predominately engaged in providing public transportation of persons or property.

IV. EXEMPT SALES OF SPECIAL FUEL THROUGH A STATIONARY METERED PUMP WITH THE SALES TAX INCLUDED IN THE PUMP PRICE

- A. All persons must pay the full pump price of special fuel sold through a stationary metered pump that is not designated for “TRUCKS ONLY” unless an exemption certificate has been received from the purchaser.
- B. If the special fuel is purchased for exempt use and tax is paid, the purchaser may recover sales tax paid by either of the following methods:
 1. The purchaser must purchase the official Form STR-100. These receipts can be purchased from the Indiana Department of Revenue at cost. The signed receipts must be attached and filed on a Claim for Refund Form (GA-110LMP). The request may be on a monthly, quarterly, semiannual, or annual basis; or
 2. If the purchase of special fuel is made through the use of a credit card of a participating credit card company, the company may credit the purchaser’s account for the sales tax paid if a proper exemption certificate has been filed by the cardholder.

V. DISPLAY OF PRICE ON PUMP

- A. Sales tax on the sale of special fuel sold through a stationary metered pump designated for “TRUCKS ONLY” may not be included in the pump price.
- B. Sales tax on the sale of special fuel sold through a stationary metered pump that is not designated for “TRUCKS ONLY” must include the sales tax.

VI. ADVERTISED OR CURB PRICE OF GASOLINE AND SPECIAL FUEL

The retail merchant may not advertise a price that is different from the pump price required to be displayed on the metered pump.

If a retail merchant advertises special fuel at a price that does not include any gross retail taxes that may be due on the sale of the special fuel, the retail merchant must display in easily read lettering, above or below the advertised price, the words “EXEMPT TRUCKS ONLY”.

VII. AVIATION FUEL EXEMPT FROM SALES TAX

Effective July 1, 2013, HEA 1545-2013 provides that aviation fuel is exempt from the sales tax. Aviation fuel includes gasoline used to power an aircraft, jet fuel, and synthetic fuel or fuel derived from any organic matter used as a substitute for gasoline or jet fuel used to power an aircraft. HEA 1545-2013 imposes an aviation fuel excise tax. (See Commissioner’s Directive #49 for further information.)

VIII. REMITTANCE AND REPORTING OF SPECIAL FUEL TAX

Each retail merchant who dispenses special fuel from a stationary metered pump is required to report on a monthly basis the following information to the department:

- A. The total number of gallons of special fuel sold from a stationary metered pump;
- B. The total amount of money received from the sale of special fuel; and
- C. The portion of the total amount received that represents state and federal excise taxes imposed on special fuel.

At the same time the report is filed, the retail merchant is required to remit the sales tax in an amount that equals 6.54 percent of the gross receipts, including state sales tax, but excluding state and federal excise taxes imposed on special fuel. The retail merchant shall remit that amount regardless of the amount of sales tax actually collected. The retail merchant is entitled to retain the amounts prescribed in IC 6-2.5-6-10 and IC 6-2.5-6-11.

IX. SERVICE STATION NONTAXABLE TRANSACTIONS

- A. Labor charges separately stated on repair orders are not subject to sales tax. (Sales tax must be collected on any parts sold unless the purchaser issues an exemption certificate certifying exempt use.)
- B. Charges for washes, lubrications, polishing, and waxing are not subject to sales tax. (The service station must pay sales or use tax on the purchase of any supplies consumed.)

X. PURCHASES BY SERVICE STATIONS

- A. Sales or use tax is due on the purchase or use of all supplies, equipment, parts, and building repairs that are not to be resold. Examples of such purchases are
 - 1. Grease and greasing equipment;
 - 2. Car washing and waxing supplies, materials, and equipment;
 - 3. Soap, towels, brooms, paint, and all other cleaning and maintenance items;
 - 4. All tools, equipment, and utilities used in operating the station;
 - 5. All products taken from stock for personal use by owners or given to employees as part of their compensation; or
 - 6. Those items purchased to be given away as part of a sales promotion such as soft drinks, glassware, candles, and so on.


Michael J. Alley
Commissioner