

## **INFORMATION BULLETIN #72**

### **SALES TAX**

**JULY 2008**

**(Replaces Information Bulletin #72 dated June 2006)**

**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 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:** Sales Tax Exemption for Recreational Vehicles and Cargo Trailers

**EFFECTIVE DATE:** July 1, 2008

**REFERENCE:** IC 6-2.5-5-39

#### **I. INTRODUCTION**

Senate Enrolled Act 106 of the 2006 session of the Indiana General Assembly provides that purchasers of recreational vehicles and cargo trailers are exempt from Indiana sales tax if the purchaser's state of registration offers similar treatment to Indiana purchasers of recreational vehicles and cargo trailers. Under previous law, out-of-state purchasers were entitled to a partial exemption that varied depending on the rate of sales tax in the state of registration.

#### **II. DEFINITIONS**

A recreational vehicle is defined as a vehicle with or without motive power equipped exclusively for living quarters for persons traveling upon the highways. The term

includes a travel trailer, a motor home, a truck camper with a floor and facilities enabling it to be used as a dwelling, and a fifth wheel trailer.

A cargo trailer is defined as a vehicle without motive power, designed for carrying property, designed to be drawn by a motor vehicle, and having a gross weight of at least 2,200 pounds.

### **III. EXEMPTION FROM THE SALES TAX**

Effective July 1, 2006, sales of recreational vehicles and cargo trailers by Indiana dealers destined for out-of-state registration will be exempt from the Indiana sales tax if the state where the recreational vehicle or cargo trailer is going to be registered provides a similar exemption for an Indiana resident making a purchase in that state. This exemption also applies to states that do not impose a sales tax. Forty-one states listed below, plus the District of Columbia provide a drive-out exemption, provide reciprocity, or have no sales tax.

Alabama	Alaska	Arkansas
Colorado	Connecticut	Delaware
Dist. of Columbia	Georgia	Idaho
Illinois	Indiana	Iowa
Kansas	Kentucky*	Louisiana
Maine*	Maryland	Minnesota
Missouri	Montana	Nebraska
Nevada	New Hampshire	New Jersey
New Mexico	New York	North Dakota
Ohio	Oklahoma	Oregon
Pennsylvania	Rhode Island*	South Dakota
Tennessee	Texas	Utah
Vermont	Virginia	Washington
West Virginia	Wisconsin	Wyoming

\*Only applies to recreational vehicles

### **IV. STATES WITH NO EXEMPTION**


There are nine states plus Canada, Mexico, and all other foreign countries that do not provide an exemption for vehicles to be registered in Indiana. Because of this, purchases 1) made from Indiana dealers and 2) to be registered in one of the following will be required to pay Indiana sales tax at the time of purchase.

Arizona	California	Florida
Hawaii	Massachusetts	Michigan
Mississippi	North Carolina	South Carolina

**V. PROOF OF EXEMPTION**

A purchaser who is purchasing a recreational vehicle or cargo trailer in Indiana to be registered in another state must complete an affidavit of exemption (Form ST137RV) when he purchases the recreational vehicle or cargo trailer. The purchaser certifies under penalty of perjury that he is not an Indiana resident and will remove the recreational vehicle or cargo trailer within 30 days to be registered in one of the states listed in the exemption from sales tax category.

The original signed ST137RV form must be mailed to the Department of Revenue by the Indiana retail merchant within 30 days of the purchase invoice date. The Department of Revenue will notify the purchaser's state of residence as indicated on the ST-137RV form. The selling dealer must maintain a copy of the ST-137RV in order to document non-collection of the Indiana sales tax.

A handwritten signature in black ink that reads "John Eckart". The signature is written in a cursive style with a large, looping initial "J".

John Eckart  
Commissioner