
DEPARTMENT OF STATE REVENUE
Information Bulletin #51
Sales Tax
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SUBJECT: Public Utilities

REFERENCES: [IC 6-2.5-4-5](#); [IC 6-2.5-4-6](#); [IC 6-2.5-5-3](#)

INTRODUCTION

A person engaged as a public utility is a retail merchant making a retail transaction when the person furnishes or sells electrical energy, natural or artificial gas, water, steam or steam heating. The term public utility refers to any organization of any kind or nature furnishing or selling those services listed above, and having the right to eminent domain or being subject to governmental regulation in any phase of its operation in furnishing those services.

For purposes of purchasing items exempt from the sales tax, a person that contracts with a municipality to operate, manage or control any plant or equipment owned by the municipality for the collection, treatment or processing of wastewater, is considered to be a public utility.

The act of registering to be regulated by governmental units is not the activity which creates a public utility. It is the performance of that act which should be regulated by a governmental unit, that creates the responsibility of a public utility to collect and remit taxes.

I. Public Utilities Furnishing Electrical Energy and/or Steam Heat

All purchases of tangible personal property by electric utilities are subject to sales tax unless the property purchased constitutes "production plant" or "power production" expenses as classified pursuant to the "Uniform System of Accounts", which was adopted and prescribed for the utility by the Indiana Utility Regulatory Commission. The purchase of distribution and transmission equipment acquired by a public utility engaged in generating electricity is not exempt from the sales and use tax.

II. Public Utilities Furnishing Natural or Artificial Gas

All purchases of tangible personal property by natural or artificial gas utilities are subject to sales tax unless the property purchased constitutes "production plant", "storage plant", "production expenses" or "underground storage expenses" as classified pursuant to the "Uniform System of Accounts", which was adopted and prescribed for the utility by the Indiana Utility Regulatory Commission.

III. Public Utilities Furnishing Water

All purchases of tangible personal property by water utilities are subject to sales tax unless the property purchased constitutes "source of supply plant and expenses", "pumping plant and expenses" or "water treatment plant and expenses" as classified pursuant to the "Uniform System of Accounts", which was adopted and prescribed for the utility by the Indiana Utility Regulatory Commission.

John Eckart
Commissioner

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