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**DEPARTMENT OF STATE REVENUE**  
**Information Bulletin #73**  
**Sales Tax**  
**July 2007**

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**SUBJECT:** Tax Reporting Procedures for Low Income Home Energy Assistance Payments

**REFERENCE:** [IC 6-2.5-4-5](#); [IC 6-2.5-5-16.5](#); HEA 1001-2006, SECTION 54; and HEA 1037-2007

## INTRODUCTION

The Indiana General Assembly enacted legislation to provide a sales tax exemption for home energy acquired through a low income home energy assistance program (LIHEAP). The exemption is available through June 30, 2009. Home energy includes electricity, oil, gas, coal, propane or any other fuel for use as the principal source of heating or cooling in residential dwellings.

## REPORTING PROCEDURES

The Department has established the following procedures to account for and report the sales tax exemption on qualifying home energy sales. When a vendor provides home energy service that qualifies for payment under the LIHEAP, the vendor may calculate the sales tax shown on the customer invoice by including the LIHEAP sales in the taxable billings. However, because home energy sales qualifying for payment under the LIHEAP are exempt, the sales tax computed on such sales should not be collected from customers.

Vendors will receive an increased benefit notification from the supporting Community Action Agency. The agency will reimburse the vendor for the regular benefit amounts and the sales tax benefit will be reported by the vendor only for the regular benefit amounts and the sales tax benefit will be reported by the vendor as an exempt amount in calculating the sales tax liability on the vendor's Form ST-103.

The LIHEAP qualified sales amounts should be included in Line 1 (Total Sales) on the ST-103. The same LIHEAP amounts should also be included in Line 2 (Exemptions/Deductions) and subtracted in computing Taxable Sales on Line 3. This procedure ensures that the amount of sales tax remitted to the Department by the vendor reflects the LIHEAP qualified exempt sales. Vendors should retain internal records to document the amount of LIHEAP sales qualifying for the exemption.

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John Eckart  
Commissioner

*Posted: 08/01/2007 by Legislative Services Agency*  
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