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**DEPARTMENT OF STATE REVENUE**  
**Information Bulletin #75**  
**Sales Tax**  
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**DISCLAIMER:** Information bulletins are intended to provide non-technical 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 which is not consistent with the law, regulations, or court decisions is not binding on either the Department or the taxpayer. Therefore, the information provided in the Bulletin should only serve 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 Research and Development Equipment

**REFERENCE:** [IC 6-2.5-5-40](#)

## **INTRODUCTION**

[IC 6-2.5-5-40](#) provides a sales tax exemption for research and development equipment purchased after June 30, 2007.

### **Research and Development Activities**

The exemption for research and development equipment only applies to equipment purchased for the purpose of research and development activities. Research and development activities include any activities devoted directly to experimental or laboratory research and development for new products, new uses of existing products, or improving or testing existing products.

Research and development activities do not include efficiency surveys, management studies, consumer surveys, economic surveys, advertising or promotions, testing for purposes of quality control, or research in connection with literary, historical, or similar projects.

### **Research and Development Equipment**

Research and development equipment means tangible personal property that consists of laboratory equipment, computers, computer software, telecommunications equipment, or testing equipment that has not previously been used in Indiana for any purpose and is acquired by the purchaser and devoted directly to experimental or laboratory research and development for new products, new uses of existing products, or improving or testing existing products.

Research and development equipment does not include hand powered tools or property with a useful life of less than one year.

### **Purchasing Exempt Equipment**

The purchaser of research and development equipment is required to complete an exemption certificate if the equipment is purchased from an Indiana vendor, or an out of state vendor that is registered to collect Indiana sales and use tax. If the purchaser pays sales or use tax on the purchase of research and development equipment, the purchaser can file a claim for refund with the Department.

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John Eckart  
Commissioner

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