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**DEPARTMENT OF STATE REVENUE**  
**Information Bulletin #47**  
**Sales Tax**  
**December 2007**  
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**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, 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 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:** Auto Rental Excise Tax and Marion County Supplemental Auto Rental Excise Tax

**REFERENCES:** [IC 6-6-9](#); [IC 6-6-9.7](#)

**I. Auto Rental Excise Tax**

An excise tax known as the auto rental excise tax, is imposed on rentals of passenger motor vehicles and trucks for periods of less than 30 days. The rental of a trailer is not subject to this tax. The tax is equal to 4% of the gross retail income received by the retail merchant. The person renting the vehicle is liable for the tax. The retail merchant is required to collect the tax and remit it to the Department of Revenue. The tax must be separately stated from the amount paid for the rental. Trucks which have a declared gross weight of over 11,000 pounds are exempt. The rental of a passenger motor vehicle or truck by a funeral director is exempt from the auto rental excise tax if the rental is part of the services provided by the director for a funeral.

Vehicles rented by entities exempt from the sales tax are not exempt from the auto rental excise tax, or the Marion County Supplemental Auto Rental Excise Tax. Entities that are not exempt include state or local governments ([IC 6-2.5-5-16](#)), and nonprofit organizations ([IC 6-2.5-5-25](#)).

Example: Mr. X rents a passenger motor vehicle (auto) for 10 days in August and returns the auto; then rents the same auto or another auto for 20 days in September. Both transactions are separate and each is taxable. The rental must be for 30 consecutive days, not 30 total days, in order to be exempt.

A separate return must be filed for each business location. Consolidated reporting is not allowed as each location's tax collections are to be credited to the location's taxing district. A monthly return must be filed even though no tax is due.

**II. Marion County Supplemental Auto Rental Excise Tax**

Marion County is authorized to impose a supplemental auto rental excise tax on the rental of passenger motor vehicles and trucks in the county for periods of less than thirty (30) days. The tax is imposed at four percent (4%) of the gross retail income derived from the rental.

Trucks exceeding a gross weight of eleven thousand (11,000) pounds are exempt from the tax. The rental of a passenger motor vehicle or truck by a funeral director is exempt from tax if the rental is part of the services provided by the director for a funeral. The temporary rental of a passenger vehicle or truck is exempt if the rental is made or reimbursed under a contract for mechanical breakdown insurance, automobile collision insurance, or provided while repair work is completed.

The original supplemental auto rental excise tax imposed at two percent (2%) expires on December 31, 2027. The additional two percent (2%) rate expires on December 31, 2040. All revenue collected from the tax shall be distributed monthly to the capital improvement board of managers operating in Indianapolis.

The return filed by the retail merchant must separate the amount of taxes collected at each location.

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John Eckart  
Commissioner

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