

DEPARTMENT OF STATE REVENUE

Information Bulletin #65
Sales Tax
September 2014
(Replaces Bulletin #65 dated December 2002)
Effective Date: Upon Publication

SUBJECT: Manufactured Homes (Mobile Homes)

REFERENCES: [IC 6-2.5-5-29](#); [45 IAC 2.2-5-65](#) through [45 IAC 2.2-5-69](#)

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SUMMARY OF CHANGES

Aside from nonsubstantive, technical changes, this bulletin deletes a reference to a rule of the Department of Local Government Finance that has been repealed. Adds instructions concerning the completion of Form ST-108MH and defines a manufactured home.

I. Retail Sales of Manufactured Homes

A manufactured home is any home factory built in the United States to the Housing and Urban Development Title 6 construction standards. A manufactured home is built on a chassis to ensure transportability.

The purchases of manufactured homes by authorized dealers are exempt from sales tax. The dealer shall issue a general exemption certificate, Form ST-105, to the manufacturer as a purchase for resale. When the dealer sells the manufactured home to the final consumer, he is a retail merchant making a retail transaction. Accordingly, sales tax must be collected on the selling price of the manufactured home. Sales tax should be collected on 65% of the selling price because 35% of the selling price is attributed to costs other than the cost of materials used in manufacturing such structures. The selling price includes delivery, set-up, and utility connections as the manufactured home is not deemed delivered until it is set up.

When the dealer sells a manufactured home to a consumer, the dealer is required to complete Form ST-108MH and attach the original to the certificate of title or the certificate of origin. One copy shall be retained by the seller, and one copy shall be mailed to the department within 30 days of the sale. The form is to be mailed to:

Indiana Department of Revenue
Desk Audit
100 N. Senate Ave., Mail Stop #104
Indianapolis, IN 46204

II. Dealers of Manufactured Homes as Contractors

A dealer of manufactured homes is acting as a contractor when the dealer contracts to make an improvement to real estate by permanently affixing a manufactured home to real estate. A manufactured home is considered affixed to a permanent foundation to the extent that it cannot be moved without material and substantial change to the manufactured home and/or the land. The contract is for an improvement to real property even if the manufactured home is being permanently attached to land not owned by the purchaser of the manufactured home.

A permanent foundation would be evidenced by mortared walls of concrete block, brick, stone, tile, poured concrete or other similar product. In these cases, the foundation will be partially or totally load bearing. Additional elements that indicate permanence include permanent utility connections, room additions, patios, and porches.

A dealer who permanently affixes a manufactured home to real property pursuant to a lump sum contract for sale without clearly separating the selling price from permanent installation costs is acting as a lump sum contractor. When a dealer acts as a lump sum contractor, the dealer must remit use tax on 65% of the wholesale invoice price of the manufactured home. Sales/use tax must be paid by the dealer on all materials and supplies used in the performance of the contract.

If the dealer segregates a contract into a time and materials contract, sales tax must be collected on 65% of the unit's selling price and on the full sales price of other tangible personal property transferred as part of the time and materials contract.

III. PRE-OWNED MANUFACTURED HOMES

The gross retail income derived from the sale of a pre-owned manufactured home is exempt from the state gross retail tax.

IV. MODULAR HOMES

"Modular homes" are not manufactured homes for purposes of this information bulletin. Modular homes are not attached to a chassis, nor are the homes movable without specialized equipment. Modular homes are permanently affixed to the foundation. Any contract to install a modular home is a contract for an improvement to real property. When a lump sum contract is used for the sale and installation of a modular home, the contractor must pay sales or use tax on 65% of the wholesale invoice price (the purchase price of the modular home). When any person purchases a modular home for the purpose of installing it for himself or another, the person shall pay sales or use tax on 65% of the purchase price of the modular home. If the person is acting as a contractor installing the modular home for another person, the contractor shall pay use tax on all materials used in installation.

Michael J. Alley
Commissioner

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