

DEPARTMENT OF STATE REVENUE

Information Bulletin #15
Sales Tax
December 2019
(Replaces Information Bulletin #15 dated December 2017)
Effective Date: Upon Publication

SUBJECT: Exemption for Indiana Sales Tax on Special Fuels Sold Through Stationary Metered Pumps

REFERENCES: [IC 6-2.5-5-49](#); [IC 6-2.5-5-51](#); [IC 6-2.5-7](#); [45 IAC 2.2-7](#)

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 that is inconsistent with the law, regulations, or court decisions is not binding on either the department or the taxpayer. Therefore, information provided in this bulletin should serve only as a foundation for further investigation and study of the current law and procedures related to its subject matter.

SUMMARY OF CHANGES

Aside from formatting changes, this bulletin removes a reference to Commissioner's Directive #49 and substitutes it with General Tax Information Bulletin #207, the document that replaced it.

I. INTRODUCTION

Effective July 1, 2017, "special fuel," as defined under [IC 6-6-2.5-22](#), is not subject to sales tax. This exemption applies regardless of the purchaser or the use of the fuel. However, sales tax will continue to apply to metered pump sales of kerosene, as well as fuels other than aviation fuel and gasoline. Sellers of special fuel will no longer be required to have "TRUCKS ONLY" or "FOR EXEMPT TRUCKS" (or similar language) at their pumps for purposes of designating sales tax-exempt special fuel sales.

Special fuels include those fuels commonly known as diesel fuel, biodiesel, blended biodiesel, and natural gas products, which include liquefied or compressed natural gas, or a combination of liquefied petroleum gas and a compressed natural gas product. The following are not considered special fuels:

1. alternative fuel (including butane and propane);
2. gasoline (as defined in [IC 6-6-1.1-103](#));
3. ethanol produced, stored, or sold for the manufacture of or compounding or blending with gasoline;
4. kerosene; and
5. jet fuel (if the purchaser of the jet fuel has provided to the seller proof of the purchaser's federal jet fuel registration at or before the time of sale)

II. AVIATION FUEL EXEMPT FROM SALES TAX

Aviation fuel is also exempt from sales tax. Aviation fuel includes gasoline used to power an aircraft, jet fuel, and synthetic fuel or fuel derived from any organic matter used as a substitute for gasoline or jet fuel used to power an aircraft. Instead of being subject to sales tax, an aviation fuel excise tax is imposed. (See General Tax Information Bulletin #207 for further information regarding aviation fuel excise tax, available online at www.in.gov/dor/____.htm)

III. REMITTANCE AND REPORTING OF SALES TAX ON KEROSENE

Each retail merchant who dispenses kerosene from a stationary metered pump is required to report on a monthly basis the following information to the department:

- A. The total number of gallons of kerosene sold from a stationary metered pump;
- B. The total amount of money received from the sale of kerosene; and
- C. The portion of the total amount received that represents state and federal excise taxes imposed on kerosene.

At the same time the report is filed, the retail merchant is required to remit the sales tax in an amount that equals 6.54 percent of the gross receipts, excluding state and federal excise taxes imposed on kerosene. The retail merchant shall remit that amount regardless of the amount of sales tax actually collected. The retail merchant is entitled to retain the amounts prescribed in [IC 6-2.5-6-10](#) and [IC 6-2.5-6-11](#).

IV. SERVICE STATION NONTAXABLE TRANSACTIONS

A. Labor charges separately stated on repair orders are not subject to sales tax. (Sales tax must be collected on any parts sold unless the purchaser issues an exemption certificate certifying exempt use.)

B. Charges for washes, lubrications, polishing, and waxing are not subject to sales tax. (The service station must pay sales or use tax on the purchase of any supplies consumed.)

V. PURCHASES BY SERVICE STATIONS

Sales or use tax is due on the purchase or use of all supplies, equipment, parts, and building repairs that are not to be resold. Examples of such purchases are

1. Grease and greasing equipment;
2. Car washing and waxing supplies, materials, and equipment;
3. Soap, towels, brooms, paint, and all other cleaning and maintenance items;
4. All tools, equipment, and utilities used in operating the station;
5. All products taken from stock for personal use by owners or given to employees as part of their compensation; or
6. Those items purchased to be given away as part of a sales promotion such as soft drinks, glassware, candles, and so on.

Adam J. Krupp
Commissioner

Posted: 04/01/2020 by Legislative Services Agency
An [html](#) version of this document.