

DEPARTMENT OF STATE REVENUE

Information Bulletin #202
General Tax
August 2020
(Replaces Information Bulletin #202 dated December 2019)
Effective Date: Upon Publication

SUBJECT: Utility Services Use Tax

REFERENCES: [IC 6-2.3-1-3.5](#); [IC 6-2.3-3-11](#); [IC 6-2.3-5.5](#)

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SUMMARY OF CHANGES:

Aside from technical, nonsubstantive changes, this bulletin provides the revised utility services use tax rate for calendar year 2021.

I. IMPOSITION OF UTILITY SERVICES USE TAX

An excise tax known as the utility services use tax is imposed on the retail consumption of utility services in Indiana. The tax is measured by the gross consideration received by the seller from the sale of the following commodities or services: electricity, natural gas, water, steam, sewage or telecommunications services.

Prior to 2021, the tax was imposed at the rate of 1.4%. For calendar years beginning after December 31, 2020, the rate of the tax will be adjusted annually. The amount of tax would equal the base year amount if the new rate were applied to the amount of utility receipts subject to tax in the previous year. The department will determine by September 1 the tax rate for the following year, and shall publish the tax rate in this document.

For calendar year 2021, the utility services use tax rate will be 1.40%. The rate is computed as follows:

1	URT (net) for FY 2020	183,155,949.00
2	USUT (net) for FY 2020	4,656,526.00
3	URT (net) for July 2020 posted as of July 17, 2020	14,911,703.00
4	Less pre-7/1/2020 URT refunds pending as of 7/17/2020	(313,046.00)
5	Net Tax (Add lines 1 through 4)	202,411,132.00
6	Coal gasification credit (CGC)	15,000,000.00
7	Tax plus CGC (Line 5 plus line 6)	217,411,132.00
8	Implied base (Line 7 divided by 0.014)	15,529,366,571.43
9	Baseline	202,149,172.00
10	Plus CGC	15,000,000.00
11	Tax needed to generate baseline (Line 9 plus line 10)	217,149,172.00
12	Rate for base to reach tax needed (Line 11 divided by line 8)	0.013983131
	Rounded to four decimal places	0.0140

II. EXEMPTIONS

The same exemptions and nontaxable receipts that apply to the utility receipts tax also apply to the utility services use tax. The utility services use tax is an excise tax imposed on the retail consumption of utility services if the utility receipts tax is not paid by the utility providing the service. The utility services use tax is not imposed to the extent the receipts for utility services are subject to the utility receipts tax, and the tax is paid on those utility services.

III. REGISTRATION AND FILING REQUIREMENTS

The person who consumes the utility services is personally liable for the utility services use tax. The consumer must register with the department and remit the tax due on all utility services if either the seller has not collected the utility services use tax or the utility is not subject to the utility receipts tax. The consumer is required to remit the tax to the department on Form USU-103 by the 30th day after the end of the month in which the utility services were purchased. The consumer is required to file a return even if no tax is due.

A seller of utility services may elect to register with the department to collect the utility services use tax on behalf of persons liable for the utility services use tax. A seller that registers to collect the utility services use tax is required to remit all tax collected by the 30th day after the end of the month in which the utility services were sold to the person.

If the seller registers to collect the tax, the purchaser shall pay the tax to the seller from whom the utility services were purchased. The seller shall collect the tax as an agent for the state. When the seller collects the utility services use tax, the seller shall issue a receipt to the person for whom the utility services use tax was collected.

If the department assesses the utility services use tax and the person has already paid the tax to a seller registered to collect the tax, the person may avoid paying the tax by submitting a receipt or other evidence showing that the utility services use tax was paid to the seller.

A seller that has registered with the department to collect the utility services use tax holds those taxes in trust for the state and is personally liable for the payment of those taxes to the state. Registration information for sellers and consumers is available at <https://www.in.gov/dor/tax-forms/utility-receipts-tax/>. Starting September 8, 2020, payments can be made and returns can be filed through the department's e-services portal, INTIME. Log in to www.dor.in.gov to locate instructions for online filing.

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Commissioner

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