

DEPARTMENT OF STATE REVENUE

Information Bulletin #72
Sales Tax
February 2021
(Replaces Bulletin #72 dated June 2020)
Effective Date: July 1, 2020

SUBJECT: Sales Tax Exemption for Nonresident Purchasers of Recreational Vehicles and Cargo Trailers

REFERENCE: [IC 6-2.5-2-4](#); [IC 6-2.5-2-5](#); [IC 6-2.5-5-39](#); [IC 6-2.5-10-6](#)

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 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.

SUMMARY OF CHANGES

Aside from technical, nonsubstantive changes, this bulletin has been changed to clarify the use of the ST-103CAR return.

I. INTRODUCTION

The purpose of this bulletin is to discuss how purchases of recreational vehicles and cargo trailers by nonresidents are exempt from Indiana sales tax if the purchaser's state of registration offers similar treatment to Indiana purchasers of recreational vehicles and cargo trailers. Additionally, for residents of states for which the aforementioned exemption does not apply (i.e., nonresidents registering/titling in a nonreciprocal state), a special tax rate applies to their purchase of recreational vehicles and cargo trailers, effective July 1, 2020 (and between July 1, 2017 and June 30, 2019).

II. DEFINITIONS

A recreational vehicle is defined as a vehicle with or without motive power equipped exclusively for living quarters for persons traveling upon the highways. The term includes a travel trailer, a motor home, a truck camper with a floor and facilities enabling it to be used as a dwelling, and a fifth wheel trailer.

A cargo trailer is defined as a vehicle without motive power, designed for carrying property, designed to be drawn by a motor vehicle, and having a gross weight of at least 2,200 pounds.

A nonreciprocal state means a state that does not provide an exemption from sales, use, or similar taxes imposed on a cargo trailer or recreational vehicle that is purchased in that state or country by an Indiana resident and will be titled or registered in Indiana.

III. EXEMPTION FROM THE SALES TAX

Sales to nonresidents of Indiana of recreational vehicles and cargo trailers by Indiana dealers destined for out-of-state registration are exempt from the Indiana sales tax if the state where the recreational vehicle or cargo trailer will be registered provides a similar exemption for an Indiana resident making a purchase in that state. This exemption also applies to states that do not impose a sales tax. The jurisdictions below provide a drive-out exemption, provide reciprocity, or have no sales tax.

| | | | |
|---------------|--------------|-------------------|---------------|
| Alabama | Alaska | Arkansas | Colorado |
| Connecticut | Delaware | Dist. of Columbia | Georgia |
| Idaho | Illinois | Indiana | Iowa |
| Kansas | Kentucky* | Louisiana | Maine* |
| Maryland | Minnesota | Mississippi | Missouri |
| Montana | Nebraska | Nevada | New Hampshire |
| New Jersey | New Mexico | New York | North Dakota |
| Ohio | Oklahoma | Oregon | Pennsylvania |
| Rhode Island* | South Dakota | Tennessee | Texas |

| | | | |
|---------------|-----------|----------|------------|
| Utah | Vermont | Virginia | Washington |
| West Virginia | Wisconsin | Wyoming | |

*Only applies to recreational vehicles; for cargo trailers to be titled and registered in these states, the rules set forth in Section IV below must be followed.

IV. NONRECIPROCAL STATES (STATES WITH NO EXEMPTION)

There are eight nonreciprocal states (as well as **all foreign countries**, including Canada and Mexico) that do not provide an exemption for vehicles to be registered in Indiana. Because of this, purchases of RVs or trailers 1) made from Indiana dealers and 2) which are to be registered in one of the following states will be required to pay Indiana sales tax at the time of purchase:

| | | | |
|---------------|------------|----------------|----------------|
| Arizona | California | Florida | Hawaii |
| Massachusetts | Michigan | North Carolina | South Carolina |

In addition to the above list of nonreciprocal states, an Indiana dealer must collect the Indiana sales tax on the sale of cargo trailers to residents of Kentucky, Maine, and Rhode Island, because these are nonreciprocal states only as it relates to trailer sales.

Beginning on July 1, 2020 (as well as between July 1, 2017, and June 30, 2019; see **note** below), when the purchaser of a recreational vehicle or cargo trailer intends to both (a) transport that vehicle or trailer to a destination outside Indiana within 30 days after delivery, and (b) title and register that vehicle or trailer for use in one of the nonreciprocal states listed above or a foreign country, the Indiana dealer must charge Indiana sales tax at a special rate, which is the rate of the intended destination state or country. However, the dealer and purchaser must complete an ST-108NR to document the collection of sales tax at this special tax rate and not Indiana's normal 7% rate.

The sales tax rates of the other states are inclusive of only state-level rates. Any locally imposed sales tax rates in the other states are not included in the rates Indiana dealers will be required to collect. Additionally, the statutory language of [IC 6-2.5-2-5](#) requires the application of the destination state's state-level sales tax rate only to the sale of a vehicle or trailer that is to be titled and registered for use in the states specified above (or, for Kentucky, Maine, and Rhode Island, cargo trailers). Accordingly, the destination state's sales tax rate is the only aspect of that state's laws that will be incorporated by virtue of [IC 6-2.5-2-5](#). The statute does not incorporate other aspects of a state's laws relating to transactions involving recreational vehicles and cargo trailers such as other states' trade-in rules, caps on tax, and exemptions.

NOTE: This special tax rate was originally found in [IC 6-2.5-2-4](#), which was effective between July 1, 2017 and June 30, 2019. However, the statute expired on July 1, 2019, so effective between July 1, 2019, and June 30, 2020, this special tax rate did not apply. Instead, residents of nonreciprocal states were required to pay Indiana's seven percent sales tax rate when purchasing an RV or trailer in Indiana. The table below provides a summary of the periods that these changing policies were in effect.

| Tax Period | Indiana Sales Tax Rate |
|--|----------------------------|
| Prior to July 1, 2017 | 7% |
| On or after July 1, 2017 through June 30, 2019 | Nonreciprocal State's Rate |
| On or after July 1, 2019 through June 30, 2020 | 7% |
| On or after July 1, 2020 | Nonreciprocal State's Rate |

V. PROOF OF EXEMPTION OR COLLECTION OF SALES TAX AT A RATE OTHER THAN INDIANA'S RATE

A purchaser who is purchasing a recreational vehicle or cargo trailer in Indiana to be registered in another state for which a drive-out exemption is applicable must complete an affidavit of exemption (Form ST-137RV) when they purchase the recreational vehicle or cargo trailer. The purchaser certifies under penalty of perjury that they are not an Indiana resident and will remove the recreational vehicle or cargo trailer within 30 days to be registered in one of the states listed in the exemption from sales tax category.

The original signed ST-137RV form must be mailed to the department by the Indiana retail merchant within 30 days of the purchase invoice date. The department will notify the purchaser's state of residence as indicated on the ST-137RV form. The selling dealer must maintain a copy of the ST-137RV in order to document non-collection of the Indiana sales tax.

Indiana Register

Beginning on July 1, 2010 (and between July 1, 2017, and June 30, 2019), when an Indiana dealership sells a recreational vehicle or cargo trailer to a customer who intends to title and register the vehicle or trailer for use in one of the jurisdictions to which Section IV applies, the dealership and customer must complete Form ST-108NR, available online on the department's website at in.gov/dor/tax-forms/sales-tax-forms/. The dealership must keep a copy of each completed ST-108NR on file to document the buyer's information and the amount of tax collected for each transaction.

Recreational vehicle and cargo trailer dealers should use sales tax return ST-103CAR. Sales tax returns can be filed using the department's online e-services portal, called the Indiana Taxpayer Information Management Engine (INTIME), which can be accessed at intime.dor.in.gov. If a dealer needs to update their online return template to the ST-103CAR, they may contact the department via the INTIME message center (available after login).

NOTE: For periods between July 1, 2017, and June 30, 2019, retail merchants selling recreational vehicles and cargo trailers in the ordinary course of business were required to file Form ST-103CAR as opposed to Form ST-103 for sales and use tax reporting. For periods ending prior to July 1, 2017, or between July 1, 2019 and June 30, 2020, Form ST-103 should be used unless the retail merchant is otherwise required to use Form ST-103CAR for other vehicle sales.

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Posted: 03/31/2021 by Legislative Services Agency
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