

DEPARTMENT OF STATE REVENUE

Information Bulletin #33
Sales Tax
January 2023
(Replaces Bulletin #33, dated July 2014)
Effective Date: Upon Publication

SUBJECT: Exemption from the Retail Sales Tax on Unitary or Bundled Transaction of Seven Cents (\$.07) or Less

REFERENCES: [IC 6-2.5-2-2](#); [IC 6-2.5-6-8](#)

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

Apart from technical, nonsubstantive changes, this bulletin has been revised to reflect that the rules within this bulletin also apply to bundled transactions.

I. INTRODUCTION

Unitary or bundled transactions in the amount of one cent (\$.01) to seven cents (\$.07) are not subject to Indiana sales tax. A "unitary transaction" includes all items of property and/or services, whether or not such services would otherwise be taxable, furnished pursuant to a single order or agreement and for which a total combined charge or selling price is computed for payment. A "bundled transaction" means a retail sale of two or more products, except real property and services to real property, that are distinct, identifiable, and sold for one nonitemized price.

The retail merchant may elect to round the tax on an item-by-item basis or based on the amount of the total invoice. However, a retail merchant may not round the tax on an item-by-item basis with the intent to avoid charging Indiana sales tax that would otherwise be imposed on the total invoice.

Items of one cent (\$.01) to seven cents (\$.07) purchased or paid for at one time are not exempt if the total sale or sales are more than seven cents (\$.07).

Example

Item	Price	Tax per Item Basis	Tax on Total Invoice
Washer	\$0.05	\$0.00	
Bolt	\$0.06	\$0.00	
Bolt	\$0.11	\$0.01	
Washer	\$0.04	\$0.00	
Totals	\$0.26	\$0.01	\$0.02

Registered retail merchants recording and accounting for such sales (i.e., unitary sales of seven cents (\$.07) or less) separately may deduct the amount of such sales.

When recordkeeping and recording procedures are such that it would not be practical or feasible to maintain actual records of unitary or bundled transactions of one cent (\$.01) to seven cents (\$.07) every day in the year, the department will accept the following procedures as proof of such transactions:

- (1) The retail merchant may determine the ratio of one cent (\$.01) to seven cent (\$.07) sales to total sales during a period of 15 consecutive days during the first quarter of the retail merchant's normal and customary sales activity throughout the year.
- (2) If a retail merchant has multiple selling locations or different kinds of selling transactions, the retail merchant may apply in advance to the department for permission to use a "representative sampling of

locations" at which such checks are to be made. Sufficient information to establish the fact that such locations will be "representative" of all locations will be required.

(3) The retail merchant using the sampling method must keep an accurate record of the dollar amount of unitary or bundled transactions under eight cents (\$.08) during this 15 day period. By dividing this total amount of gross sales at the locations used for the 15 day period, a percentage can be determined which the retail merchant may apply against gross sales to establish "sales not subject to the tax". This percentage factor is used throughout the balance of the calendar year in which the sampling is made.

It is important that the percentage factor be calculated from the retail merchant's actual records. These records must be maintained for 3 years plus the current year because the retail merchant will be required to substantiate the percentage factor used upon the request of the department.

If you have any questions concerning this bulletin, please contact the Tax Policy Division at taxpolicy@dor.in.gov.

Robert J. Grennes, Jr.
Commissioner

Posted: 01/25/2023 by Legislative Services Agency
An [html](#) version of this document.