
DEPARTMENT OF STATE REVENUE

Information Bulletin #202
General Tax
March 2023
Effective Date: July 1, 2022
(Replaces Bulletin #202, dated May 2022)

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

Only nonsubstantive, technical changes have been made to this bulletin. It has been primarily changed to reflect updated formatting.

INTRODUCTION

Effective July 1, 2022, House Enrolled Act 1002 (2022) repeals the Utility Receipts Tax and the Utility Services Use Tax. Although the Utility Services Use Tax is repealed, taxpayers subject to this tax must still file any past-due returns and pay taxes due to department. Taxpayers subject to this tax must file a final Form USU-103 for the tax period ending June 30, 2022. This return is due August 1, 2022, and must be filed even when no tax is due, unless the taxpayer's Indiana tax account has been closed properly. The department will continue to accept payments for all past-due taxes and for filing periods prior to July 1, 2022.

The bulletin will remain published to provide guidance on the Utility Services Use Tax, as prior tax years are still subject to refund and audit until January 1, 2026.

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 2022, the tax was imposed at the rate of 1.4%.

For calendar year 2022, the utility services use tax rate is 1.46%.

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.

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/>. 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.

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

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Commissioner

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