

**Final Order Denying Refund: 04-20231214**  
**Sales Tax**  
**For the Years 2022**

**NOTICE:** [IC 4-22-7-7](#) permits the publication of this document in the Indiana Register. The publication of this document provides the general public with information about the Indiana Department of Revenue's official position concerning a specific set of facts and issues. The "Holding" section of this document is provided for the convenience of the reader and is not part of the analysis contained in this Final Order Denying Refund.

**HOLDING**

Missouri Individual was not entitled to an additional refund of Indiana sales tax paid on his vehicle purchase because Individual took possession of the vehicle at the Indiana Dealership's business location. The transaction was an Indiana sale subject to Indiana sales tax but calculated at Missouri's sales 4.225 percent tax rate.

**ISSUE**

**I. Gross Retail Tax - Sales Tax Refund.**

**Authority:** [IC 6-2.5-2-3](#); *Indiana Dep't of State Revenue v. Caterpillar, Inc.*, 15 N.E.3d 579 (Ind. 2014); *Wendt LLP v. Indiana Dep't of State Revenue*, 977 N.E.2d 480 (Ind. Tax Ct. 2012); *Scopelite v. Indiana Dep't of Local Gov't Fin.*, 939 N.E.2d 1138 (Ind. Tax Ct. 2010); Missouri Department of Revenue Buying a Vehicle, <https://dor.mo.gov/motor-vehicle/titling-registration/buying-vehicle>.

Missouri Taxpayer argues that he is entitled to a refund of Indiana sales tax collected by an Indiana auto dealer because he was required to pay Missouri tax when the vehicle was titled in that state.

**STATEMENT OF FACTS**

Taxpayer is a Missouri resident who purchased a car from an Indiana dealership. At the time of the purchase, Taxpayer paid the dealer seven percent sales tax of approximately \$500. Taxpayer returned to Missouri with the car. Taxpayer titled the vehicle in Missouri and paid Missouri approximately \$650 in state and local sales tax.

Taxpayer then submitted a GA-110L claim for refund seeking a refund of \$500. Taxpayer explained why he believed he was entitled to the refund.

I purchased a vehicle from [Indiana dealership] on 6-30-22 and paid [\$500] in sales tax at the rate of 7[percent]. I traveled back to Missouri where I live and had it titled in that state. To have it titled I was to pay taxes in the State of Missouri at the rate as designated on the enclosed from the Missouri DOR totaling [\$650]. In order to not get double taxed, I am asking for a full refund of taxes paid.

In a letter dated August 2022, the Indiana Department of Revenue ("Department") denied the refund in part explaining as follows:

The Indiana dealership did not properly handle this transaction. Per [IC 6-2.5-2-3](#) if a motor vehicle is purchased from a registered Indiana dealer, the dealer must collect Indiana sales tax. However, when the purchaser of the motor vehicle intends to both (a) transport that motor vehicle to a destination outside Indiana within 30 days after delivery, and (b) title and register that motor vehicle for use in another state or county, the rate at which Indiana sales tax is to be imposed and collected on the sale is the rate of the intended destination state or county as shown on the ST-108NR.

The Department's letter further explained that the dealership "mistakenly collected Indiana sales tax at Indiana's 7[percent] rate." Because Taxpayer "registered the vehicle in MO . . . the dealership should have collected Indiana sales tax at the MO rate of 4.225[percent]."

The Department concluded that Taxpayer was entitled to a portion of the \$500 Indiana sale. According to the Department's August 2022 letter, Taxpayer was entitled to a refund of approximately \$200. The \$200 was the difference between the \$500 originally paid the Indiana dealership and the \$300 amount - based on the Missouri sales tax rate - the dealership should have collected. The Department then issued Taxpayer a check for \$200.

Taxpayer disagreed with the Department's decision and submitted a protest arguing that he was entitled to the remaining \$300. Taxpayer directed the Department to issue a "Final determination without a hearing." After reviewing the documentation provided by Taxpayer and the records available to the Department, this Final Order Denying Refund is issued in response to Taxpayer's protest.

## I. Gross Retail Tax - Sales Tax Refund.

### DISCUSSION

The issue is whether this Missouri Taxpayer has established that he is entitled to a refund of the entire \$500 in Indiana sales tax collected by the Indiana dealership on the purchase of a vehicle eventually transported to and titled in Missouri. If correct, Taxpayer concludes the Department is required to refund an additional \$300.

Where, as here, a taxpayer is challenging the taxability of Indiana sales transactions, the taxpayer is required to provide documentation explaining and supporting its challenge. Poorly developed and non-cogent arguments are subject to waiver. *Scopelite v. Indiana Dep't of Local Gov't Fin.*, 939 N.E.2d 1138, 1145 (Ind. Tax Ct. 2010); *Wendt LLP v. Indiana Dep't of State Revenue*, 977 N.E.2d 480, 486 n.9 (Ind. Tax Ct. 2012). When an agency is charged with enforcing a statute, the jurisprudence defers to the agency's reasonable interpretation of that statute "over an equally reasonable interpretation by another party." *Indiana Dep't of State Revenue v. Caterpillar, Inc.*, 15 N.E.3d 579, 583 (Ind. 2014).

Indiana law, [IC 6-2.5-2-3\(b\)](#), provides as follows:

Notwithstanding section 2 of this chapter, the state gross retail tax rate on a motor vehicle that a purchaser intends to:

- (1) transport to a destination outside Indiana within thirty (30) days after delivery; and
- (2) title or register for use in another state or country;

is the rate of that state or country (excluding any locally imposed tax rates) as certified by the seller and purchaser in an affidavit satisfying the requirements of subsection (c).

The Department's response in the August letter is correct in explaining that Missouri imposes a 4.225 percent state sales tax on cars owned in and titled in Missouri. Missouri Department of Revenue Buying a Vehicle, <https://dor.mo.gov/motor-vehicle/titling-registration/buying-vehicle> (last visited March 26, 2023) explains that when titling a vehicle in that state;

You will pay:

- State sales tax of 4.225 percent, plus your local sales tax on the purchase price, less trade-in allowance, if any;
- \$8.50 title fee;
- \$2 transfer fee;
- Registration (license plate) fees, based on either taxable horsepower or vehicle weight (if you renew your registration when you transfer the plates);
- Additional licensure fees for an increase in horsepower, if applicable;
- \$6 title processing fee; and
- \$6 registration processing fee (for the transfer); and
- \$6 registration processing fee for a one-year registration, or \$12 registration processing fee for a two-year registration, if applicable.

The only relevant portion of Missouri's instruction is the statement that Missouri requires payment of "[s]tate sales tax of 4.225 percent." The remaining Missouri assorted fees and local taxes are over-and-above the state's 4.225 Missouri sales tax rate.

The Indiana dealership mishandled the transaction; it should not have charged Taxpayer seven percent sales tax but, assuming all the Indiana requirements were met, should have collected Indiana sales tax at Missouri's lower tax rate.

The Department here emphasizes that Indiana auto dealers do not collect Missouri or any other state's sales tax. Indiana dealers are required to collect *Indiana* sales on transactions conducted in this state but calculate the *Indiana* sales tax at the home state's tax rate.

The Department was correct when it determined that Taxpayer was entitled to a partial refund of the sales tax collected by the Indiana dealership.

**FINDING**

Taxpayer's protest is respectfully denied.

March 31, 2023

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An [html](#) version of this document.