

DEPARTMENT OF STATE REVENUE

04-20231983.MOD

Memorandum of Decision: 04-20231983
Sales and Use Tax
For The Year 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 Memorandum of Decision.

HOLDING

Individual was entitled to a refund of use tax paid to Indiana for a vehicle purchased in another state.

ISSUE

I. Sales and Use Tax - Sales Tax Paid Outside of Indiana.

Authority: [IC 6-2.5-3-2](#); [IC 6-2.5-3-5](#); *Dept. 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, 486 (Ind. Tax Ct. 2012); *Scopelite v. Indiana Dep't of Local Gov't Fin.*, 939 N.E. 2d 1138, 1145 (Ind. Tax Ct. 2010)

Taxpayer protested the Indiana Department of Revenue's ("Department") partial denial of his claim for refund of use tax paid to the Indiana Bureau of Motor Vehicles ("BMV") for a vehicle purchased in another state.

STATEMENT OF FACTS

Taxpayer is an Indiana resident who purchased a vehicle in Michigan and registered it in Indiana. The Indiana Bureau of Motor Vehicles ("BMV") charged Indiana use tax on the difference between Indiana and Michigan's tax rates. Taxpayer filed a claim for refund of the one percent Indiana tax. The Department denied the claim and Taxpayer filed a protest of that denial. Taxpayer waived his right to a hearing; therefore, this Memorandum of Decision is based on the documentation and analysis supplied by Taxpayer and the Department's records. Additional facts will be provided as necessary.

I. Sales and Use Tax - Sales Tax Paid Outside of Indiana.

DISCUSSION

Taxpayer is an Indiana resident who purchased a vehicle from a Michigan dealer ("Dealer") in 2022. Dealer charged Michigan sales tax at Michigan's sales tax rate after taking into account Michigan's trade-in value statute. Dealer later determined that, under Michigan's sales tax guidelines, Taxpayer owed less Michigan sales tax than initially calculated and issued a partial refund of Michigan tax to Taxpayer. Taxpayer then went to register the vehicle in Indiana with the Indiana BMV. The BMV calculated that Taxpayer owed one percent use tax based on the sticker price of the vehicle without taking into account any trade-in value. Taxpayer filed a claim for refund of that one percent use tax. The Department denied the claim, in part. Taxpayer filed a protest of the denial stating that Dealer adhered to Michigan's tax laws, and he paid enough sales tax to Michigan to eliminate any tax due to Indiana.

As a threshold issue, a taxpayer is required to provide documentation explaining and supporting his or her challenge that the Department's position is wrong. The Indiana Tax Court has noted that 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 (Ind. Tax Ct. 2012).

[IC 6-2.5-3-2\(a\)](#) provides that a use tax is imposed on, "the storage, use, or consumption of tangible personal property in Indiana if the property was acquired in a retail transaction, regardless of the location of that transaction or of the retail merchant making that transaction."

Here, Taxpayer purchased a motor vehicle in Michigan that was subsequently registered and titled for use in Indiana. Under [IC 6-2.5-3-2](#), Taxpayer's purchase of the vehicle was subject to use tax. However, when Taxpayer registered the vehicle in Indiana, he was entitled to a tax credit for the sales tax paid in Michigan. [IC 6-2.5-3-5](#)

provides that:

A person is entitled to a credit against the use tax imposed on the use, storage, or consumption of a particular item of tangible personal property *equal to the amount, if any, of sales tax, purchase tax, or use tax paid to another state, territory, or possession of the United States for the acquisition of that property.* (*Emphasis added*).

After a review of Taxpayer's argument, documentation supplied in the protest process, and the applicable Indiana and Michigan statutes, the Department agrees with Taxpayer that he is entitled to a full refund of the sales tax paid to Indiana at the BMV. Since Taxpayer has already received a partial refund from the Department, Taxpayer will now receive the remainder of the amount paid to the Indiana BMV at the time the vehicle was registered in Indiana.

FINDING

Taxpayer's protest is sustained.

December 5, 2023

Replaces Finding Document at: New

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