

Utility Receipts Tax, Sales Tax & Related Topics

Indiana Department of Revenue
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Indiana Department of Revenue Mission Statement

Administer tax laws and collect tax revenues in a fair, consistent, and efficient manner for Indiana taxpayers and provide accurate, timely, and reliable funding and information to State and local constituents



Utility Receipt Tax



Definition of Utility Tax

- An income tax
- For a resident, your city or town, it's imposed on its entire “taxable gross receipts.”



What is subject to tax?

- Installation, maintenance, repair provided to a customer that is directly related to the utility services
- Charge for the removal of equipment upon termination of services
 - Examples:
 - running the lines to a new subdivision or business
 - both connection and disconnect services charges



What is not subject to tax?

Specifically excluded from gross receipts:

- Taxes and fees remitted to the government
- Wholesale sales (sales to resellers)



What is not subject to tax?

- Sewage charges - Only for profit sewage companies are subject to Utility Receipts Tax
- Sales to the US Government
 - Example: sales to the Post Office where the US Government is being billed and paying the bill
- Trash/sanitation charges



What is not subject to URT?

- Late payment and insufficient check fees
- Revenue not related to the delivery of utility services
 - Examples: any kind of rental income for equipment that relates to how a customer would use the utility and not the equipment that delivers the utility
 - Water heater rental, cell phone rental, etc



Filing and Payments

- URT-1 return is due April 15 for most taxpayers
- Estimated Payments
- If annual tax liability is greater than \$2,500:
 - Estimated payments due on 20th day of the 4th, 6th, 9th, and 12th month of the taxpayer's tax year
 - For most: April, June, September, December
 - Pay 25% of estimated annual tax due



Sales Tax



Definition of Sales Tax

When a city or town engages in proprietary, competing with private enterprise, activities the sales of tangible personal property & certain defined services (primarily rentals) are subject to tax.



What is subject to tax for the utility or the town?

- Sales of the utility is subject to tax unless there is a proper exemption certificate on file
- Concession stand sales
- Rentals including the rental of picnic shelters, meeting rooms, golf carts
- Other activities considered being competitive with private enterprise



What is not subject to sales tax?

- Activities that do not compete with the private sector
 - Examples:
 - Charging a fee for copies of ordinances are not subject because that is a government function
 - Charge for a police report



Sales Tax Forms



Form ST-109

- Accept for utility exemption
- IDOR issues the ST-109
- Only revoked by DOR



Exemption Certificates

- For all other non-utility sales you accept form ST-105
 - Examples:
 - meeting rooms
 - picnic shelters



Purchases by a town

- For everything a the town/utility purchases, you should be able to issue a standard exemption certificate, form ST-105, to the vendor
- This includes purchases for the operation of a municipal golf course



Purchases by a town (continued)

- Where you make your gas fuel purchases for the water, police and fire department vehicles makes a difference
- From a gas station: file claim for refunds with the department
- From a distributor: can issue an exemption certificate, form ST-105



Audit Process



Audit Process

- Contact procedure
- Conducting the audit
- Results
- Billing and protest procedure



Penalties



Penalties imposed by DOR

- Failure to file or filing a sales or withholding return late:
Penalty: 10% IC 6-8.1-10-2.1
- If the department has to file the return:
Penalty: 20% IC 6-8.1-10-3
- Failure to file penalty with the intent to evade tax:
Penalty:100%. IC 6-8.1-10-4
- Payment of tax with a bad check:
Penalty: 10%, in10 days becomes 100% if not paid. IC 6-8.1-10-5



e-File Mandate



e-File Mandate

- All sales and withholding taxes **MUST** be filed and remitted electronically as of Jan. 1, 2013
- Passed into law by 2012 General Assembly
- Primary Method: INtax





INtax is for you!

- Securely correspond with the department
- Register and edit multiple businesses
- View and print a current location list
- Schedule payments up to 30 days ahead



INtax is for you!

(continued)

- File a zero return to avoid Billings by the department
- Make a separate payment for each business
- View each business payment and return history at any time
- Special phone number: 317 232-2337 just for INtax



Questions?



Contact

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