

**Final Order Denying Refund: 04-20211073R; 04-20211074R**  
**Gross Retail Tax**  
**For the Year 2021**

**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**

The Department disagreed with Indiana Service Provider that it was entitled to a refund of sales tax paid on the purchase of items from an online retailer; the exemption certificate appeared unreliable, and Service Provider failed to explain why the items purchased qualified for an exemption from sales or use tax.

**ISSUE**

**I. Gross Retail Tax - Refund of Sales Tax Paid to Online Retailer.**

**Authority:** IC § 6-2.5-8-8; Sales Tax Information Bulletin 10 (September 2020).

**STATEMENT OF FACTS**

Taxpayer is an Indiana company in the business of providing automotive cleaning services. Taxpayer purchased items from an online retailer using Taxpayer's business account. The retailer charged Taxpayer seven percent "estimated tax." Taxpayer paid the bill and submitted GA-110L refund claims with the Department of Revenue ("Department"). According to the Department's records, Taxpayer was asked to provide additional information. Specifically, the Department asked Taxpayer "to send proof of exemption certificate to process the refund claim for GA-110L."

The Department next issued Taxpayer letters denying the refund explaining that "Taxpayer failed to provide the requested information to support the validity of the refund claim." Taxpayer disagreed with the Department's decision and submitted a protest to that effect. In its protest, Taxpayer asked for "a determination without a hearing." This Final Order Denying Refund results.

**I. Gross Retail Tax - Refund of Sales Tax Paid Online Retailer.**

**DISCUSSION**

The issue is whether Taxpayer has provided evidence sufficient to establish that it is entitled to a refund of \$34.65 in sales tax paid on the purchase of items from the online retailer.

IC § 6-2.5-8-8(a) provides for exemption certificates from sales tax in pertinent part as follows:

A person, authorized under subsection (b), who makes a purchase in a transaction which is exempt from the state gross retail and use taxes, may issue an exemption certificate to the seller instead of paying the tax. The person shall issue the certificate on forms and in the manner prescribed by the department. A seller accepting a proper exemption certificate under this section has no duty to collect or remit the state gross retail or use tax on that purchase.

Along with copies of its invoices indicating sales tax charges, Taxpayer also supplied a copy of its "Streamlined Sales and Use Tax Agreement" Form F0003 "Exemption Certificate." As a signatory of the Streamlined Sales and Use Tax Agreement, Indiana recognizes the validity of the F0003. Sales Tax Information Bulletin 10 (September 2020), 20201028 Ind. Reg. 045200542NRA, provides as follows:

The taxpayer identification number obtained can be used on sales tax exemption certificates (Form ST-105 or Streamlined Sales Tax Governing Board Form F0003) when making qualified purchases . . . .

A review of the documentation Taxpayer provided does not support its refund claim. As noted above, the Department does recognize the validity of a Streamline Exemption Certificate. However, the information on that form provided by Taxpayer is at odds with reality. Taxpayer is claiming that it is exempt from sales tax because it is a governmental agency; that seems neither likely nor plausible. The second issue stems from the nature of the items Taxpayer claims are exempt. Conceivably, some of those items may be exempt because Taxpayer may be reselling them to its customers. However, some of the items ("Car Ceramic Coating") are apparently consumables used in operating Taxpayer's car cleaning business. As such, they fall under Indiana's use tax regime much as the consumables used in any other business. (e.g., paper towels, sandpaper, etc.).

Based on the information provided, the Department is unable to agree that Taxpayer has established it is entitled to the \$34.65 refund amount.

### **FINDING**

Taxpayer's protest is respectfully denied.

February 24, 2022

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