
SENATE BILL No. 233

DIGEST OF INTRODUCED BILL

Citations Affected: IC 6-2.5-5-38.2.

Synopsis: Sales tax treatment of car purchase discounts. Provides that a rebate or employee discount on the sale of a motor vehicle is not part of the gross retail income received by the seller when determining the sales and use tax amount.

Effective: July 1, 2009.

Buck

January 7, 2009, read first time and referred to Committee on Tax and Fiscal Policy.

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PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2008 Regular Session of the General Assembly.

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SENATE BILL No. 233



A BILL FOR AN ACT to amend the Indiana Code concerning taxation.

Be it enacted by the General Assembly of the State of Indiana:

1 SECTION 1. IC 6-2.5-5-38.2 IS AMENDED TO READ AS
2 FOLLOWS [EFFECTIVE JULY 1, 2009]: Sec. 38.2. (a) The value of
3 an owned vehicle is exempt from the ~~Indiana~~ gross retail tax in a
4 vehicle lease transaction if the owned vehicle is exchanged for a like
5 kind vehicle.

6 (b) The value of a third party's payment or credit, including an
7 employee discount, on the sale or lease of a motor vehicle is exempt
8 from the gross retail tax if the customer's purchase agreement
9 shows:

- 10 (1) the payment or credit is directly related to a price
- 11 reduction or discount on the sale or lease;
- 12 (2) the seller has an obligation to pass the price reduction or
- 13 discount through to the purchaser;
- 14 (3) the amount of the price reduction or discount is fixed and
- 15 determinable by the seller at the time of the sale or lease to
- 16 the purchaser; and
- 17 (4) the price reduction or discount is identified as a third



1 **party price reduction or discount.**

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