



Indiana Department of Revenue

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Sales Tax Information Bulletin #49
Subject: Sales Tax Application to Morticians
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References: IC 6-2.5-1-1; IC 6-2.5-4-1; IC 6-2.5-4-4; IC 6-2.5-5-24; 45 IAC 2.2-4-2

Replaces Bulletin #49, dated June 2022

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Summary of Changes

Only nonsubstantive, technical changes have been made to this bulletin. It has been primarily changed to reflect updated formatting.

Introduction

Morticians and funeral directors in the business of providing funeral services must register with the department to collect and remit Indiana sales tax on the sale of tangible personal property. The purpose of this bulletin is to provide further guidance regarding the treatment of various items sold by morticians and funeral directors.

Funeral Expenses Stated as One Amount with No Itemization of Tangible Personal Property That Is Purchased

If a funeral home provides a service to an individual for one, nonitemized price without separating charges for services and tangible personal property, then Indiana sales tax may be due on the entire price. This could be a bundled transaction, in which case sales tax shall be included on all items of personal property and services which are furnished under a single order or agreement and for which a total combined charge or price is included.

However, there are two exceptions that may apply. One is when the service is the true object of the transaction, and tangible personal property that is essential to the use of the service and is provided exclusively in connection with the service. The other is a transaction that includes both taxable and nontaxable products in which the seller's purchase price or the sales price of the taxable products does not exceed ten percent (10%) (i.e., de minimis or incidental) of the total purchase price or the total sales price of the bundled products.

Example: A standard service is quoted as costing \$8,900.00, including all services rendered, the casket, the providing of vehicles and the preparation of the remains. The casket is the only taxable tangible personal property provided, which was purchased for wholesale at \$4,000. In this case, neither exception to the bundled transaction rule would apply. The service is neither the true object of the transaction, nor is the tangible personal property incidental to the overall sales price, so sales tax should be collected on the entire amount charged as a taxable bundled transaction.

For further information on bundled transactions, please see [Sales Tax Information Bulletin #94](#), available online at: in.gov/dor/legal-resources/tax-library/information-bulletins/sales-tax-information-bulletins/

Funeral Expenses Where All the Expenses Are Separately Listed and Itemized in the Billing

If the billing for a funeral service lists all the services and tangible personal property individually, then Indiana sales tax is only required to be collected and remitted on those items that are taxable. Listed below are some of the services and products that are commonly supplied in the funeral service.

Exempt Items

- Minimum professional service fees
- Other funeral director and staff services
- Embalming
- Other care or preparation of the remains (such as refrigeration)
- Funeral ceremony
- Transferring remains to the funeral home
- Funeral vehicle
- Family vehicle
- Visitation/viewing room charge
- Cemetery fees
- Crematory
- Obituary notices
- Escorts
- Death certificates
- Vault installations

Clergy, religious facility
Musicians or singers
Hairdressing
Other professional services

Taxable Items

Casket/cremation casket
Outside enclosure/ vault
Urns and vases
Clothing
Memorial booklet
Service folder/prayers cards
Acknowledgment cards
Flowers
Any other tangible personal property purchased directly by the buyer

NOTE: When a customer purchases a liner to hold the body and rents a casket for the funeral as a means to hold a funeral for a deceased individual who will subsequently be cremated, the purchase of the liner would be subject to sales tax, but the rental of the casket would not be. The renter does not gain physical possession of the casket, and therefore it does not meet the definition of a rental for sales tax purposes. However, since the casket is not rented, then the purchase of the casket by the funeral home would not be exempt from sales tax because the sale for resale exemption would not apply. Therefore, the funeral home would have to self-assess use tax on the purchase of the casket if the vendor does not collect sales tax. The funeral home should provide an exemption certificate to their vendor for caskets and other items for resale, either a Form ST-105 or a Streamlined Sales Tax exemption certificate (SSTGB Form F0003).

Government Funeral Expenses

If the funeral expense is for a veteran or an indigent qualifying for government reimbursement, and the fee is paid by a government unit directly to the funeral home, the fee is deducted from the total price of the service after the inclusion of all appropriate sales tax.

If the payment is to a relative or other person as reimbursement for a portion of the funeral expense, it is not a sale to a governmental unit, and is taxable as if the relative or other person were providing the funds for the funeral.

Purchases by Funeral Directors

Purchases of antiseptics, embalming fluids, cosmetics and other chemicals purchased by funeral directors in their rendering of professional services are subject to Indiana sales tax.

Purchases of other tangible personal property by a funeral home are subject to sales tax unless the tangible personal property is purchased for resale. A funeral home registered as an Indiana Retail Merchant may issue an exemption certificate (either Form ST-105 or a Streamlined Sales and Use Tax Agreement Certificate of Exemption (SSTGB Form F0003)) on purchases of merchandise for resale.

Purchases of funeral vehicles, hearses, family vehicles, and flower cars are also subject to sales and use tax.

If you have any questions concerning this bulletin, please contact the Tax Policy Division at taxpolicy@dor.in.gov.

A handwritten signature in black ink that reads "Robert J. Grennes, Jr." with a stylized flourish at the end.

Robert J. Grennes, Jr.
Commissioner
Indiana Department of Revenue