

DEPARTMENT OF STATE REVENUE

DEPARTMENTAL NOTICE #31

JULY 2009

TREATMENT OF VOUCHERS ISSUED PURSUANT TO THE CONSUMER ASSISTANCE TO RECYCLE AND SAVE ACT OF 2009 (CARS)

This document does not meet the definition of a “statement” required to be published in the Indiana Register under IC 4-22-2-7. The purpose of this notice is to provide information regarding the taxability of vouchers that are issued pursuant to the Consumer Assistance to Recycle and Save Act of 2009 (CARS) (Pub. L. No. 111-32). The act authorizes the issuance of vouchers to offset the purchase price or lease price for a qualifying purchase or lease of a new fuel-efficient motor vehicle upon the surrender of an eligible trade-in vehicle to a dealer participating in the program. The act requires participating dealers to destroy vehicles obtained pursuant to the act.

The vouchers issued pursuant to the act are not subject to Indiana sales tax. **The value of the voucher is to be treated like a trade-in, meaning the value of the voucher is deductible from the taxable selling price of the vehicle for sales tax purposes.**

A voucher issued pursuant to the act does not represent gross income on the part of the purchaser of a vehicle. The Department will adopt the same position the IRS takes with regard to the impact of a voucher on the gross income of a dealer.

If you have any questions concerning this notice, please contact the Tax Policy Division at (317) 232-7282.

A handwritten signature in black ink that reads "John Eckart". The signature is written in a cursive style with a large, looping initial "J".

John Eckart
Commissioner