

Sales Tax Information Bulletin #49

December 1997

(replaces bulletin #49, dated May 14, 1984)

Disclaimer: Information bulletins are intended to provide non-technical assistance to the general public. Every attempt is made to provide the information that is consistent with the appropriate statutes, rules and court decisions. Any information that is not consistent with the law, rules or court decisions is not binding on either the Department or the taxpayer. Therefore, the information provided herein should serve only as a foundation for further investigation and study of the current law and procedures related to the subject matter covered herein.

Subject: Sales Tax Application To Morticians

Reference: 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

Introduction

Morticians and funeral directors in the business of providing funeral services must register as Indiana Retail Merchants. Such persons are required to collect and remit the Indiana Sales Tax on the sale of tangible personal property.

I. Funeral Expenses Stated as One Lump Sum With No Itemization of Tangible Personal Property that is Purchased

If a funeral home provides a service to an individual for one lump sum and does not separate charges for services and tangible personal property, then the sales tax is due on one hundred percent (100%) of the lump sum price. This is a unitary transaction and 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.

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. In this case, the sales tax should be collected on the entire amount charged.

II. 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 sales tax is only required to be remitted on those items that are legally

taxable. Listed below are some of the services and products that are commonly supplied in a funeral service.

A. Exempt Items

- Minimum professional service fees
- Other funeral director and staff services
- Embalming
- Other care and preparation of the remains (such as refrigeration)
- Funeral ceremony
- Transferring remains to the funeral home
- Funeral vehicle
- Family vehicle
- Flower car
- Visitation/viewing room charge
- Cemetery fees
- Crematory
- Obituary notices
- Escorts
- Death certificates
- Vault installation
- Clergy, religious facility
- Musicians or singers
- Hairdressing
- Other professional services

B. Taxable Items

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

III. Governmental Funeral Expenses

If the funeral expense is for a veteran or an indigent qualifying for government reimbursement, and the fee is paid by a governmental 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.

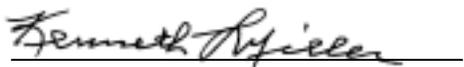
If the payment is to a relative or other person as reimbursement for a portion of the funeral expense, it is not a sale to a governmental unit, and is taxable as if the relative or other person were providing the funds for the funeral.

IV. Purchases by Funeral Directors

Purchases by funeral directors of antiseptics, embalming fluids, cosmetics and other chemicals purchased by funeral directors in rendering professional services by funeral directors are subject to the Indiana Sales Tax.

Purchases of other tangible personal property by a funeral home are subject to the 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 on purchases of merchandise for resale.

Purchases of funeral vehicles, hearses, family vehicles, and flower cars are subject to sales and use tax at the time of purchase by the funeral home.

A handwritten signature in cursive script, reading "Kenneth L. Miller", is written over a horizontal line.

Kenneth L. Miller
Commissioner