

Sales/Use:

Indiana DOR Concludes that Fleet Management Services Provided via “SaaS Model” are Not Taxable

Revenue Ruling 2020-14ST, Ind. Dept. of Rev. (7/22/21). Based on a company’s provided facts, an Indiana Department of Revenue (Department) ruling concluded that neither the company’s provision of motor vehicle fleet management services via a “SaaS model,” nor its related mobile application offered free of charge to customers, was subject to Indiana sales and use tax. The Department’s conclusion was based upon the following provided facts:

URL: <http://iac.iga.in.gov/iac/20210825-IR-045210373NRA.xml.pdf>

- The company owns, operates, and maintains the software used to provide its fleet management services, and the company’s customers have no control over the network, servers, operating systems, storage, or software capabilities;
- The company’s prewritten computer software resides exclusively on the company’s servers and is accessible by customers through the internet, but the customers cannot install, download, or transfer the proprietary software to their own computers; and
- The company’s customers may download a mobile application to their personal devices free of charge, which may be used to upload vehicle information to the company’s fleet management system.

The Department explained that, under these provided circumstances, the company’s service component, remotely accessed software, and free mobile application would not be subject to Indiana sales tax. Additionally, while the service component and remotely accessed software generally are included in the same transaction, the Department reasoned that none of the items individually would be subject to Indiana sales tax and thus the entire transaction would *not* constitute a taxable bundled transaction under state law. Furthermore, the company’s mobile application is provided to customers free of charge and thus would not be considered a “taxable retail transaction” under state law. Please contact us with any questions.

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