

## Tow Association Questions with BMV Responses

### Scenario A:

Towing company does have retail merchant certificate and auction is held at towing company and does not have a used car dealer license.

- I. Towing company keeps car for company car to use on a daily basis. *Use tax is due on the total advertised price or the price of the bid that won the vehicle.*
- II. Repair shop keeps car for use as a 'loaner.' *Same as above.*
- III. Towing company keeps car to resell to public. *If the vehicle doesn't sell at auction, the towing company must include a copy of their RRMC and ST108E using exemption 14.*

### Scenario B:

Towing company does have retail merchant certificate and auction is held at towing company

- I. Vehicle is sold to private individual. *Sales tax is collected by towing company and turned into INDOR. Towing company will complete an ST108A.*
- II. Vehicle is sold to another company that says they are tax exempt. *The purchaser completes and signs an ST108E claiming an exemption listed on the back.*
- III. Vehicle is sold to another company that says they are not tax exempt. *Same response to the first scenario.*
- IV. Vehicle is sold to used car dealer. *Sales tax is not collected and the dealer must complete an ST108E using exemption 9 before sending in packet.*

### Scenario C:

Below are several different situations that can commonly occur when selling a vehicle (with the mechanic lien) via the mechanic lien process. Some require an auctioneer and some do not.

- I. Who (towing company or auctioneer) should complete the ST-108, ST 108E, or ST108A if there is an auctioneer? *Towing company, if they are the ones who are submitting sales/use tax to INDOR because they have an RRMC, and the auction was held on their site. An ST108A must be completed by the towing company in this scenario. If the auctioneer is submitting the sales/use tax, an ST108A would be used. Any other questions will need directed to INDOR.*
- II. Also, when a tow company sells to a company that is exempt, does the tow company need to get any documentation from the tax exempt purchaser, showing why the tow company did not collect sales tax? *You would need to contact INDOR on this question. The BMV would only require the purchaser to complete an ST108E claiming their exemption from the list on the back of the form.*

### Questions from 8/11/2017 Tow Association Meeting

- I. When a vehicle is a 1997 or older, NADA guide does not have an average trade-in value. Original MSRP, Low Retail, Average Retail, or High Retail are the options. *Low Retail*
- II. If an auction is held on my property, auctioneers do not complete an ST108A because it was not held on their own property and they are not collecting sales tax. What form does the mechanic's lienholder turn in showing they collected sales tax? *An ST108A should be completed by the mechanic's lienholder if they have an RRMC. If they do not have an RRMC, sales tax will be collected the BMV.*

- III. Since January, if the vehicle does not sell, what do we do? *If the towing company is placing this into inventory for resale and does not have a dealer's license, the towing company may submit the packet, an ST108E claiming exemption 14, and a copy of their RRMC. If the towing company does not have an RRMC, sales tax is due on the total advertised price.*
- IV. If we turn in documentation to receive a Certificate of Authority, what do we do if we determine that the vehicle is not in as bad of shape as originally thought and we determine that it could be sold in a sale? *An abandoned or mechanic's lien may be placed against the vehicle and the process to complete a sale must be completed. Basically, you would be starting from scratch following the requirements for the lien sale.*
- V. What name should we use for sole proprietors? *The name of the sole proprietor.* Do we use DBA names? *The BMV does not recognize DBAs.*
- VI. ORV – *Abandoned/Mechanic's liens may be placed on against ORVs.*
- VII. If no VIN, then what? *Court order to establish ownership, then apply for MVIN using packet on website.*
- VIII. If no data found on national database? *If the statute cannot be followed, a court order must be applied for using the packet on our website.*