START A BUSINESS - INDIANA

How to open an auto repair shop in Indiana

We found no Indiana State repair shop license; the key rule is sales tax: parts are taxed and itemized labor is not.

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1 Is a repair shop right for you?

Repair shops diagnose and fix vehicles, from maintenance and brakes to engines and collision repair. It suits experienced technicians who price fairly and keep good records.

2 Form the business and register for sales tax

1. Choose a structure. LLCs and corporations file through INBiz with the Indiana Secretary of State.
2. Register with the Department of Revenue (INTIME) for a Registered Retail Merchant Certificate to collect Indiana sales tax.
3. Check your city or county for business licenses and zoning.

3 Licenses

We found no Indiana State license for repair or body shops. Check your city or county for business licenses and zoning.

4 Sales tax on repairs

Parts are taxable. Repair labor separately stated from the parts is generally not taxed. If you do not separate them and materials are more than 10% of the charge, the whole bill can be taxable.

5 A/C work

Servicing vehicle air conditioning for pay requires EPA Section 609 certification.

6 Your first steps

1. Form the business and register for sales tax.
2. Get local business licenses and check zoning.
3. Buy insurance and equipment.
4. List your business on Nearby Car Care

Requirements at a glance

Sales tax on parts; itemize labor

Required - State - Indiana Department of Revenue

Indiana generally does not tax repair labor when it is separately stated from the parts (Bulletin #60). Parts are taxable. If you do not separate them and the materials are more than 10% of the charge, the whole bill can be taxable.

EPA Section 609 certification for air conditioning work

Required in some cases - Federal - U.S. Environmental Protection Agency

Anyone who repairs or services a motor vehicle air conditioning system for payment or bartering must be certified by an EPA-approved Section 609 program. We found no Indiana State license for repair or body shops.

Official agencies and links

Section 609 Technician Training and Certification Programs
U.S. Environmental Protection Agency
https://www.epa.gov/mvac/section-609-technician-training-and-certification-programs

Sales Tax Information Bulletin #60 (March 2024)
Indiana Department of Revenue
https://www.in.gov/dor/files/sib60.pdf

Frequently asked questions

Is repair labor taxable in Indiana?
Generally not when it is separately stated from the parts.

This guide is general information, not legal advice. Rules change and can depend on your city or county, so confirm with the official agencies linked below before you apply.