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Tax Information for Motor Vehicle Dealers

This publication was designed to be used as a training aid.
It should not be used as a reference to cite the Department's position.
If legal advice or other expert assistance is required,
dealers should obtain the services of a tax professional.

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Publication Samples

At the end of this publication you will find samples of the following Department issued Forms and Brochures that cannot be found on our Internet site:

- DR-11N** Certificate of Registration (Sample 1)
- DR-14** Consumer's Certificate of Exemption (Sample 2)

The following documents may be found on our Forms and Publications web page at **floridarevenue.com/forms**.

- DR-2X** Sales Tax Rate Table.
- DR-15DSS** Discretionary Sales Surtax Information (Prior year rates are available along with current year rates)
- DR-15SW** Solid Waste and Surcharge Return
- DR-16P** Sales and Use Tax Direct Pay Permit (Sample 3)
- DR-35** Motor Vehicle Warranty Fee Remittance Report
- DR-95B** Schedule of Florida Sales or Use Tax Credits Claimed on Repossessed Motor Vehicles
- DR-123** Affidavit for Partial Exemption of Motor Vehicle Sold for Licensing in Another State
- DR-225** Documentary Stamp Tax Return for Registered Taxpayers' Unrecorded Documents
- DR-228** Documentary Stamp Tax Return for Non-Registered Taxpayers' Unrecorded Documents
- GT-800060** Florida Annual Resale Certificate for Sales Tax (includes Sample Certificate)
- RT-6** Employer's Quarterly Report

The Tax Information Publication (TIP) for Motor Vehicle Sales Tax Rates by State is updated every January. The new TIP (and all previous TIPs for Motor Vehicle Sales Tax Rates by State) can be found in our Revenue Law Library on our website under "Sales and Use Tax," then select "Tax Information Publications."

The Department's website address is:
floridarevenue.com

Purpose

Motor Vehicle Dealers are responsible for being familiar with the tax laws of Florida. This document provides you a helpful reference guide to:

- Better understand your tax obligations.
- Collect, report, file, and remit Florida taxes timely and accurately.
- Avoid making filing and payment errors.
- Complete the front and back of your sales and use tax return (Form DR-15).

Chapters 212 and 213, Florida Statutes (F.S.)**Rule Chapter 12A-1.007, Florida Administrative Code (F.A.C.)****References**

Chapters 212 and 213, F.S., and Rule 12A-1.007, F.A.C.

Be sure to access the Revenue Law Library and familiarize yourself with the Florida Statutes and the Florida Administrative Code through the Department of Revenue's website at floridarevenue.com or call or visit one of our service centers located throughout the state.

Resources

If you go to our GENERAL TAX home page at floridarevenue.com/taxes, you will find many resources. There are links to:

- All the Tax Information Publications (TIPs).
- Online Tutorials and other Taxpayer Education.
- An inventory of Taxpayer Education material.

Tutorials on sales and use tax can help you learn Florida tax laws at your own pace and when it's convenient for you. Below is a listing of the sales and use tax tutorials we offer:

- Overview of Sales and Use Tax for Business Owners
- How to Complete Sales and Use Tax Returns
- How to Calculate and Pay Estimated Sales and Use Tax
- How to Calculate, Collect, and Report Your Discretionary Sales Surtax
- How to e-File and e-Pay Sales and Use Tax (Form DR-15)
- Internet Enrollment for e-Services
- Motor Vehicle Dealers: How to Calculate, Collect, and Report Sales Tax

Re-employment tax tutorials can help you understand your responsibilities as a Florida employer:

- Reemployment Tax Tutorial for Employers

Our **Forms and Publications** page contains many industry-specific brochures on sales and use tax. Each brochure relates to a specific business type.

Information and forms are available on the Department's website at floridarevenue.com.

To speak with a Department of Revenue Representative, call Taxpayer Services at 850-488-6800, Monday through Friday, excluding holidays.

For a written reply to your tax questions, write to:

Taxpayer Services Mail Stop 3-2000
Florida Department of Revenue
5050 W Tennessee St
Tallahassee FL 32399-0112

Subscribe to Receive Updates by Email from the Department. Subscribe to receive an email for due date reminders, Tax Information Publications (TIPs), or proposed rules. Subscribe today at floridarevenue.com/dor/subscribe.

Section 2

Definitions

Bracket System - A method of calculating the tax amount due on transactions that are a fractional part of \$1. All taxable transactions are taxable at the rate of 6%. This amount is charged on each \$1 of price and the appropriate bracket charge is used to calculate tax on any fractional part of \$1.

Business activity (or opening) date - The date a business begins taxable business activity and is required to begin collecting sales tax. This date also determines when the first collection period begins.

Collection allowance - Compensation given only to registered dealers who e-file and e-pay, for properly accounting for reporting, and remitting sales and use tax when the return and payment are electronically filed on time. The collection allowance is 2.5% (.025) of the first \$1,200 of sales and use tax collected during the collection period, up to a maximum of \$30. You may donate your collection allowance to the Educational Enhancement Trust Fund. For more information, see TIP #12A01-03.

Collection period - The calendar month or months that must be reported on a particular return, whether or not any tax was collected.

Consumer - The purchaser, other than for purposes of resale, or the lessee of a motor vehicle primarily used for personal, family, or household purposes; any person to whom such motor vehicle is transferred for the same purposes during the duration of the Lemon Law rights period; and any other person entitled by the terms of the warranty to enforce the obligations of the warranty.

Department - The Florida Department of Revenue.

E-File - Filing your taxes electronically using the Department's secure website or by using software purchased from a Department-approved vendor. A list of approved vendors is posted on the website.

E-Pay - Paying your taxes electronically using the Department's secure website or by using software purchased from a Department-approved vendor. A list of approved vendors is posted on our website. Electronic payments must be made at least one business day before each payment is due. We provide a calendar of due dates on the website (Form DR-659).

Lessor - One who rents property to another. In the case of real estate, the lessor is also known as the landlord.

Motor Vehicle - An automobile, motorcycle, truck, trailer, semi-trailer, truck tractor and semi-trailer combination, or any other vehicle operated on the roads of this state, used to transport persons or property, and propelled by power other than muscular power. The term includes recreational vehicles, such as motor homes and travel trailers.

Motor Vehicle Dealer - Any person who holds himself out as being engaged in the business of selling or leasing motor vehicles, and recreational vehicles.

Person - Any individual, firm, co-partnership, joint venture, association, corporation, estate, trust, business trust, receiver, syndicate, or other group or combination acting as a unit.

Retailer - Every person engaged in the business of making sales at retail or for distribution, or use, or consumption, or storage to be used or consumed in this state.

Retail Sale - A sale to a consumer or any person for any purpose other than for resale in the form of tangible personal property or services taxable under the laws of this state, and includes all such transactions that may be made in lieu of retail sales or sales at retail. The sale of materials for use in repairing motor vehicles, airplanes, or boats, to a registered repair dealer is not subject to sales and use tax when the materials are incorporated into and sold as part of the repair. The sale of such materials to a repair dealer is considered an exempt purchase for resale, even though each and every material (e.g., nuts and bolts) is not separately invoiced on the repair invoice. A repair dealer needs to extend a valid Annual Resale Certificate to make the purchase tax exempt.

Sales Tax - A state tax on the sale or rental of a taxable item or service. Sales tax is added to the cost of the taxable item or service and generally collected from the purchaser at the time of sale. Florida's "general" statewide sales tax rate is 6%. However, most Florida counties also levy a local discretionary sales surtax that is added to the statewide rate of 6%. The person or business, selling or renting the taxable item or service, collects the sales tax as an agent for the state. They are responsible for:

- Registering with the state
- Reporting the tax
- Remitting the tax

Note: Only the first \$5,000 on a single sale or rental of a taxable item is subject to discretionary sales surtax.

State Fiscal Year - The 12-month period that the state uses for bookkeeping purposes. The state fiscal year begins on July 1 and ends on June 30.

Tangible Personal Property - Personal property which may be seen, weighed, measured, touched, or is in any manner perceptible to the senses, including electric power or energy, boats, motor vehicles, mobile homes, aircraft, and all other types of vehicles as defined in Chapter 320, F.S.

Use Tax - Tax imposed on the use, consumption, distribution, and storage of tangible personal property imported or caused to be imported into this state to be used or consumed in this state. This tax also includes "taxable items" originally purchased untaxed for resale, which are then later used by the business, business owner, or their employees.

The two taxes, sales tax and use tax, complement each other, and if an item is specifically exempt from sales tax, it is also exempt from use tax.

Section 3

Motor Vehicle Dealers Responsibilities

Every dealer, who wishes to do business in Florida, selling and/or leasing motor vehicles or recreational vehicles, is required to register with the Florida Department of Revenue.

Dealer Responsibilities

As a registered dealer, you act as an agent of the state and are responsible for:

- Collecting sales tax on each taxable transaction.
- Paying use tax on items used by the business that were purchased tax-exempt or removed from inventory and not resold.
- Sending the tax you have collected and the use tax owed along with your completed *Sales and Use Tax Return* (Form DR-15) to the Florida Department of Revenue.
- Keeping complete and accurate records on all sales and purchases.

Refusing or Failure to Register

The Department of Revenue is authorized by Florida Statutes to impose a registration fee of \$100 on any dealer who refuses or fails to register prior to opening a business. The \$100 registration fee may be waived if the Department finds that the oversight was not intentional.

In-State Dealers

A dealer located in Florida may obtain a *Certificate of Registration* (Form DR-11) and an *Annual Resale Certificate* (Form DR-13) by registering with the Department online or by completing the *Florida Business Tax Application* (Form DR-1). This application may be completed online at **floridarevenue.com/taxes/registration**. Our online application guides you through an interview process to help you complete the application and determine your tax obligations. If you do not have Internet access, you can complete a paper *Florida Business Tax Application* (Form DR-1). Forms can be ordered by going to the Department's website or by calling Taxpayer Services.

Out-of-State Dealers

A dealer who does **NOT** have a physical location in Florida but who conducts business in Florida must also obtain a *Certificate of Registration* (Form DR-11) and an *Annual Resale Certificate* (Form DR-13). They should follow the same application process outlined above for the in-state dealers.

Multiple Locations

Each business location in Florida must obtain a separate *Certificate of Registration* (Form DR-11) before starting a business in Florida.

Consolidated Returns

A dealer may request consolidated sales and use tax filing by completing the *Application for Consolidated Sales and Use Tax Registration* (Form DR-1CON). There is no fee assessed for filing a consolidated return. To be eligible for consolidated filing, the following are required:

- All business locations must be owned by the same entity (SSN/FEIN).
- Must have two or more locations (need not be in same county).
- Each business location must have a separate certificate number.
- Maintain all records at one central location.

The *Application for Consolidated Sales and Use Tax Registration* (Form DR-1CON) may be faxed to 850-410-2816 or mailed to Account Management, Florida Department of Revenue, Mail Stop 1-5000, 5050 West Tennessee Street, Tallahassee, Florida 32399-0156 or to any of our Service Centers located throughout the state.

Once the tax number is issued, the consolidated filing account number will begin with 80. The consolidated account will receive an *Annual Resale Certificate for Consolidated Accounts* (Form DR-13C) to be used for purchasing for resale.

Consolidated filers must file and pay their taxes electronically. For more information on all your electronic options, read our online brochure *Filing and Paying Your Taxes Electronically* (Form GT-800001). You can also call Taxpayer Services if you have questions.

For information about filing consolidated sales tax returns, call the Consolidated Return Reconciliation Unit at 850-717-6636.

Section 4

Certificate of Registration

When a dealer has completed the *Florida Business Tax Application* (Form DR-1), a sales tax *Certificate of Registration* (Form DR-11), and an *Annual Resale Certificate* (Form DR-13), will be issued.

Your *Certificate of Registration* (Form DR-11) contains your:

- Business name and location
- Registration effective date
- Opening date
- Filing frequency
- Certificate number (your official sales and use tax registration number)

The sales and use tax registration number identifies the county where the dealer is located and paying tax.



NOTE: Your business partner (BP) number is printed on the back of your *Certificate of Registration* (Form DR-11) and should be used when communicating with the Department.

Display Requirement

Florida law requires that you post your *Certificate of Registration* (Form DR-11) at your business location in a conspicuous place. It is important that your customers see your *Certificate of Registration* (Form DR-11) and know that you are authorized to collect Florida sales tax from them.

Effective Date

The *Certificate of Registration* (Form DR-11) effective date is the date your *Florida Business Tax Application* (Form DR-1), is hand delivered, mailed (date of postmark), or electronically transmitted to the Florida Department of Revenue.

How Used in Transactions

Upon approval of the *Florida Business Tax Application* (Form DR-1), a motor vehicle dealer may purchase vehicles for resale without paying sales or use tax. The dealer purchasing the motor vehicles for resale extends a copy of their current *Annual Resale Certificate* (Form DR-13) to the selling dealer instead of paying sales or use tax.

Florida Annual Resale Certificate for Sales Tax

As an active registered dealer with the Department, you are provided with an *Annual Resale Certificate* (Form DR-13), to make tax-exempt purchases or rentals of property or services for resale. You must submit a copy of your Annual Resale Certificate to a seller when making purchases or rentals of property or services that you intend to resell or re-rent as part of your business. Do not use your Annual Resale Certificate to buy office equipment, computers, or other supplies used by your business operation. It is your duty as a dealer to collect and pay the applicable amount of sales and use tax and discretionary sales surtax from your customers when you finally resell or re-rent the property or service at retail. There is a brochure that will help you determine what you may buy or rent tax-exempt for resale: *Annual Resale Certificate for Sales Tax* (GT-800060).

The selling dealer must keep a copy of the purchaser's *Annual Resale Certificate* (Form DR-13) each year, on file in order to support the exempt sale and until sales tax may no longer be assessed under the statute of limitations. (For your records, **keep** all *Annual Resale Certificates* from the previous three years.)

If the purchaser does not present a current annual resale certificate but knows his or her sales tax certificate number, the selling dealer can obtain a transaction resale authorization number through an automated toll-free verification system. The nationwide toll-free number is: **877-357-3725 or 877 FL RESALE**.

If you purchase or rent items which will be used in your business, and the items will not be sold or re-rented, the *Annual Resale Certificate* (Form DR-13) should not be used. A *Certificate of Registration* (Form DR-11) that has been revoked or is inactive may not be used to purchase tax-exempt items. Remember, there are criminal and civil penalties for the fraudulent use of the *Annual Resale Certificate*.

Suggested Format of an Exemption Statement

For vehicles sold in Florida to an unregistered out-of-state dealer for resale, an affidavit and sufficient documentation to verify the out-of-state or out-of-country dealer as suggested in Rule 12A1.007(6)(b), F.A.C., will be accepted.

The statement should be notarized by a state of Florida Notary Public.

Florida Consumer's Certificate of Exemption

If the sale is to an **exempt organization**, the dealer must obtain a copy of the purchaser's current Florida *Consumer's Certificate of Exemption* (Form DR-14).

A selling dealer is required to obtain only one exemption certificate from each customer having a Certificate of Exemption. A customer presents a Florida *Consumer's Certificate of Exemption* (Form DR-14) at the time of their first exempt purchase. Each and every subsequent exempt transaction can be covered by the same exemption certificate presented at the initial transaction. The selling dealer may contact the Department to verify the specific exemption.

Sales made to governmental units that hold a current Florida *Consumer's Certificate of Exemption* (Form DR-14) must include proper documentation with the suggested format in Rule 12A-1.038(4)(b), F.A.C. The United States Government is **NOT** required to hold a Florida *Consumer's Certificate of Exemption* (Form DR-14). In this case, the dealer must document that the sales were made to the Federal Government; which may include a valid purchase order, a check issued in payment by the Federal Government, or other similar documentation.

Section 5

Records

Records Required

Complete and accurate records of all sales and purchases, whether taxable or not, must be kept. These records include, but are not limited to:

- Electronic files
- General ledgers and journals
- Cash receipts and disbursement journals, purchase and sales journals, register tapes, invoices, and statements

Dealers should keep copies of sales and use tax returns, cancelled sales tax payment checks, proof of electronic filing and payments, and any documentation needed to verify the amounts entered on the tax returns. If your business is incorporated or organized as a partnership, copies of your Florida corporate income tax returns (Florida Forms F-1120 or F-1120A) should also be kept.

Statute of Limitations

Records supporting all transactions in the collection period and proof of payments must be kept for at least three years from the date the return was filed or was required to be filed, whichever is later. All records and documents must be made available to the Florida Department of Revenue upon request. The Department may audit for periods longer than three years if you fail to file a return or file a substantially incorrect return or underpayment. If you fail to produce records or submit a grossly incorrect or fraudulent report, you could be subject to criminal or civil penalties.

Accounting Systems

Most motor vehicle dealers use a standard, computerized accounting system. The standard system generates sales tax invoices, general ledgers, inventory reports, requests, and sales journals. Each sale is accounted for and inventory is reduced with each sale made and increases with each purchase made.

Transferee Liability – Section (s.) 212.10, F.S.

When a new owner sells a business or stock of goods, a receipt or certificate must be issued by the Florida Department of Revenue indicating that taxes have been paid or that no tax is due after an audit has been performed on the selling dealer's books and records. The Department is authorized to use private auditors to perform the audit and charge the audit to the person requesting the audit. Any receipt or certificate from the Department does not, without an audit of the selling dealer's books and records by the Department, guarantee that there is not a tax deficiency owed the state from the operation of the seller's business.

Section 6

Discretionary Sales Surtax (DSS)

Most Florida counties levy a local discretionary sales surtax on transactions subject to sales and use tax. The discretionary sales surtax (also referred to as a local option tax) is a county imposed tax. Sales tax dealers must collect local discretionary sales surtax along with the 6% state sales tax and pay both taxes to the Department.

Persons engaged in the business of selling or renting motor vehicles are required to charge, collect, and remit the applicable local discretionary sales surtax on their sales or rentals of motor vehicles. Any sale or rental of a motor vehicle that is subject to the state tax imposed on sales and rentals is subject to any applicable discretionary sales surtax.

In Florida, motor vehicles must be registered. Motor vehicle **short-term** rentals are subject to the applicable surtax rate in effect for the county where the lessor (motor vehicle owner) is located, regardless of where the vehicle is driven. **Long-term** leases of motor vehicles (i.e., 1-3 years) are titled in the name of the lessor, registered in the name of the person leasing the vehicle, and subject to the applicable surtax rate in effect for the county where the vehicle is registered and driven.

Sales of Motor Vehicles

A transaction involving a motor vehicle shall be deemed to have occurred in a county imposing surtax (for purposes of applying the surtax) when the residence address of the purchaser (buyer) shown on the registration or title document is in a surtax county.

Example: A resident in a county with a .5% DSS rate purchases a new motor vehicle in a county with 1.5% DSS rate. The purchaser registers the vehicle in a .5% DSS County. The selling dealer will collect the DSS rate of .5%.

Surtax Cap \$5,000 on Tangible Personal Property (TPP)

The surtax only applies to the first \$5,000 (cap) of the selling price of each motor vehicle and does not apply to the amount over \$5,000.

The \$5,000 limitation does not apply to commercial rentals or transient rentals, services, or service warranties.

How to compute: Total selling price of motor vehicle	\$ 27,875.92
Tax at 6% on total selling price.....	\$ 1,672.56
\$5,000 cap on surtax at .5%	<u>\$ 25.00</u>
(Sold in 1.5% Surtax County-motor vehicle will be registered in .5% county)	
Total tax due to the state	\$ 1,697.56

Motor Vehicle Dealers and Surtax

Dealers report the surtax they collect on Form DR-15 and remit the surtax directly to the Department. The surtax rate is determined by the purchaser's residence and the respective surtax rate for that county, not the surtax rate for the county the dealer is located in. For example, when a dealer is located in a county which does NOT impose surtax and the residence address of the purchaser shown on the registration or title document is in a county imposing surtax, the dealer must collect the surtax from the purchaser at the rate imposed by the purchaser's county. Form DR-15-DSS lists the individual county rates and can be found on the Department's website.

Leases of Motor Vehicles

For purposes of applying the surtax, a transaction involving the lease of a motor vehicle is deemed to have occurred in a county imposing surtax when the address on the registration or title document is in a county imposing surtax.

The surtax is applicable only to the first \$5,000 of each rental payment contractually obligated to be paid on the lease of each motor vehicle.

Section 7	Tax Returns and Regulations
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Tax Due at Time of Sale

The full amount of sales tax on cash sales, credit sales, installment sales, or sales made on any kind of deferred payment plan is due at the time of the transaction.

Sales and use tax returns and payments are due on the 1st day of the month and late after the 20th day of the month following each collection period. If the 20th falls on a Saturday, Sunday, state or federal holiday, your return must be postmarked or hand delivered on the first business day following the 20th. You must file a tax return for each collection period, even if no tax is due

Example: "Buy Here/Pay Here," motor vehicle dealer, sells a motor vehicle on October 31. The selling dealer tells the purchaser they do not have to make any payments until January 1. The sales tax on this transaction is due on the October return, filed in November. This dealer is also subject to documentary stamp tax on the promise to pay note signed by the purchaser.

Tax May Not be Absorbed

Dealers or persons selling or renting motor vehicles or recreational vehicles may not advertise or indicate in any manner that they will absorb all or any part of the tax. The dealer may **NOT** indicate that the purchaser will be relieved of any payment of the tax. The tax must be added to the sales or rental price, and the amount of tax must be separately stated as sales tax on any charge ticket, sales slip, invoice, or any other evidence of a sale or rental.

Electronic Filing and Payment Requirements

The Department offers the convenience of using our free and secure Internet site to file and pay sales and use tax, or you may purchase software from an approved vendor to file and pay electronically. If you would like to voluntarily file and pay taxes electronically, you may do so. However, if you paid **\$20,000 or more** in sales and use tax during the preceding state fiscal year (July 1 - June 30), you **are required** to file and pay taxes electronically for the current calendar year. Also, as of July 1, 2012, you must e-file and e-pay **timely** to receive a collection allowance.

When you electronically pay only or you electronically file and pay at the same time, you must initiate your electronic payment and receive a confirmation number no later than 5:00 p.m., ET, on the business day prior to the 20th. Keep the confirmation number in your records. The *Florida e-Services Calendar of Due Dates* (Form DR-659) provides a list of deadlines for initiating electronic payments on time and is available on the Department's website at floridarevenue.com/forms.

Estimated Tax

If you paid \$200,000 or more sales and use tax (excluding any discretionary sales surtax) on returns you filed during the most recent fiscal year (**July 1 through June 30**), **you must make an estimated sales tax payment every month, starting with your December return due January 1. Do not pay estimated tax if this is your final return.** If you have questions about estimated tax, call Taxpayer Services.

Penalties

Failure to Timely File Return and Pay Tax

- 10% of the amount due shown on Line 10.
- A minimum of \$50 if 10% of Line 10 is less than \$50.

The rate applies to all sales and use tax filers. If your return or payment is late, include the penalty on Line 12 of your return. The minimum penalty of \$50 will apply even if you are filing a late "zero tax due" return.

Penalty for Underpayment of Estimated Tax - If you underpaid your last month's estimated tax on Line 9, a "specific" penalty of 10% is due on the underpaid amount.

Filing a False or Fraudulent Return or Attempting to Evade Tax - In addition to the delinquent penalty, any dealer who knowingly fails to file six consecutive tax returns, and who has willful intent to evade tax, commits a third-degree felony. The penalty shall be 100% of the tax or fee, and the taxpayer is subject to a criminal conviction based on the amount of unreported taxes or fees. If the amount is less than \$300, the first offense will be a second-degree misdemeanor. The second offense will be a first-degree misdemeanor and the third and subsequent offenses will be third-degree felonies. If the amount is \$300 or more but less than \$20,000, the offense is a third-degree felony. If the amount is \$20,000 but less than \$100,000, the offense is a second-degree felony. If the total is \$100,000 or more, the offense is a first-degree felony.

Failure to Collect/Pay Tax or Attempting to Evade/Defeat Tax - In addition to all other penalties, any dealer who willfully fails to collect, truthfully account for, and properly pay any tax, or who willfully attempts in any manner to evade or defeat such tax or tax payment shall be liable for a penalty equal to twice the amount of the total tax or 200% of the amount which was evaded or not paid, and commits a third-degree felony.

Any officer or director of a corporation who has administrative control over the collection and payment of any tax and who willfully directs any employee of the corporation to fail to collect, truthfully account for, properly pay, evade, or defeat such tax shall be liable for a penalty. The penalty shall be equal to twice the amount of the total tax or 200% of the amount which was evaded, not accounted for, or not paid, and commits a third-degree felony.

Interest

A floating rate of interest applies to underpayments and late payments of tax. We update the rate January 1 and July 1 of each year by using the formula established in s. 213.235, F. S. To obtain interest rates, visit the Department's website at floridarevenue.com/taxes/rates.

Collection Allowance

As of July 1, 2012, you must e-file and e-pay **timely** to receive a collection allowance. The collection allowance is 2.5% (.025) of the first \$1,200 of tax due, not to exceed \$30.

Example:	Total tax due	\$1,000
	<u>Collection Allowance @ 2.5%</u>	<u>\$ - 25</u>
	Total due to DOR	\$ 975

Only taxpayers who e-file and e-pay may donate their collection allowance to the Educational Enhancement Trust Fund. This fund is used to purchase up-to-date technology for classrooms in local school districts in Florida. A box is provided on the electronic sales and use tax return to indicate they wish to donate their collection allowance. You must make this choice on each original and timely filed electronic return. You cannot make this choice after your electronic return is filed. For more information, see TIP #12A01-03.

Forms to be Used for Tax Remittance

- DR-15** The Department has the *Sales and Use Tax Return* (Form DR-15) as the form to be used in the payment of sales and/or use tax.
- DR-35** Dealers may pay the \$2.00 lemon law fee directly to the Florida Department of Revenue on the *Motor Vehicle Warranty Fee Remittance Report* (Form DR-35), only for sales to non-residents, when the vehicle will not be registered or titled in this state.
- DR-7** Dealers who file under a consolidated account number must file a DR-7 along with their *Consolidated Sales and Use Tax Return* (Form DR-15CON), or a Department approved format, showing the information for each active account number in the consolidated group.
- DR-15SW** The *Solid Waste and Surcharge Return* (Form DR-15SW) is used to pay the waste tire fee, the lead-acid battery fee, dry-cleaning, and the rental car surcharge.

Consolidated Returns (Forms DR-15CON and DR-7)

Dealers operating more than one place of business may file a consolidated tax return. The consolidated return provides the monthly business activity for each location. The collection allowance is 2.5% (.025) of the first \$1,200 of the amount due on Line 10, **not to exceed \$30 for each DR-7 location**.

If you electronically file (e-file) your return and electronically pay (e-pay) tax timely, you are entitled to receive a collection allowance. The collection allowance is 2.5% (.025) of the first \$1,200 of the Amount Due (Line 10), **not to exceed \$30 on each DR-7 return**.


Combined Returns (Prime Number or County Control)

A dealer filing a combined return for multiple locations in the same county can file a single return using their sales and use tax number. The dealer is entitled to one collection allowance because they are filing one return if they file and pay electronically.

The maximum amount of collection allowance authorized for any filing period for a combined return is \$30.

Completing the Front of the DR-15 Sales and Use Tax Return

Certificate Number: Florida		SALES AND USE TAX RETURN		HD/PM Date: / /	DR-15 R. 01/15
		1. Gross Sales	2. Exempt Sales	3. Taxable Amount	4. Tax Due
A. Sales/Services		.	.	.	.
B. Taxable Purchases	Include use tax on Internet / out-of-state untaxed purchases →	.	.	.	.
C. Commercial Rentals		.	.	.	.
D. Transient Rentals		.	.	.	.
E. Food & Beverage Vending		.	.	.	.
Transient Rental Rate: Surtax Rate: Reporting Period:				5. Total Amount of Tax Due	.
				6. Less Lawful Deductions	.
				7. Net Tax Due	.
				8. Less Est Tax Pd / DOR Cr Memo	.
				9. Plus Est Tax Due Current Month	.
				10. Amount Due	.
				11. Less Collection Allowance	E-file/E-pay Only
				12. Plus Penalty	.
				13. Plus Interest	.
				14. Amount Due with Return	.


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Due: _____
 Late After: _____
 Check here if payment was made electronically.

Do not write in the space below.

LINE A - Sales/Services - “Sales means the total of all wholesale and retail transactions.”

Column 1 Gross Sales - Enter the total amount of gross sales. **Do not include tax due in this amount.**

Column 2 Exempt Sales - Enter total amount of tax-exempt sales included in Line A, Column 1. Enter zero, if none. Tax exempt sales include, but are not limited to, sales for resale, sales of items specifically exempt, and sales to exempt organizations.

Column 3 Taxable Amount - Subtract total **Exempt Sales** from the **Gross Sales** and enter the taxable amount. If you report sales exempt from discretionary sales surtax, complete Lines 15(a) and 15(b) on the back of the return.

Column 4 Tax Due - Enter the **actual** tax due, including discretionary sales surtax. Report all discretionary sales surtax collected on Line 15(d) on the back of the return.

LINE B - Taxable Purchases - Use Tax, Columns 3 – 4

Certificate Number: Florida		SALES AND USE TAX RETURN		HD/PM Date: / /	DR-15 R. 01/15
		1. Gross Sales	2. Exempt Sales	3. Taxable Amount	4. Tax Due
A. Sales/Services		.	.	.	.
B. Taxable Purchases	Include use tax on Internet / out-of-state untaxed purchases →	.	.	.	.

Line B - Taxable Purchases - “Use Tax” is owed on taxable purchases for goods or services you have consumed but were not taxed by your suppliers and not purchased for resale (e.g., from catalogs, the Internet, or local or out-of-state vendors), and taxable items originally purchased untaxed for resale but later used or consumed by the business, business owner, or employees.

Column 1 Gross Sales - Not Applicable

Column 2 Exempt Sales - Not Applicable

Column 3 Taxable Amount - Enter the total amount of purchases used or consumed that were not taxed by suppliers and are not for resale.

Column 4 Tax Due - Enter the total amount of use tax due, including discretionary sales surtax. Report all discretionary sales surtax owed on Line 15(d) on the back of the return.

LINE C - Commercial Rentals, Columns 1 – 4

Certificate Number:		SALES AND USE TAX RETURN		HD/PM Date: / /		DR-15 R. 01/15	
Florida		1. Gross Sales	2. Exempt Sales	3. Taxable Amount	4. Tax Due		
A. Sales/Services		.	.	.	.
B. Taxable Purchases		Include use tax on Internet / out-of-state untaxed purchases →		.	.		
C. Commercial Rentals		.	.	.	.

Commercial rentals include the business of renting, leasing, letting, or the granting of a license to use or occupy any real property. Tax is due on the **total consideration** charged for such use, including but not limited to ad valorem taxes paid by the tenant on behalf of the lessor, unless specifically exempt under s. 212.031, F. S.

- Rentals, leases, and licenses to use or occupy real property by related “persons” as defined in s. 212.02(12), F.S., are also considered commercial rentals and therefore subject to sales tax. Examples include but are not limited to: a parent corporation to subsidiaries, an individual or shareholder to a corporation, or when a landlord/tenant relationship is exhibited and any consideration is exchanged for the right of occupancy.

Column 1 Gross Sales - Enter the total amount of commercial rentals. **Do not include tax collected in this amount.**

Column 2 Exempt Sales - Enter the total amount of tax-exempt commercial rentals included in Line C, Column 1. Enter zero, if none.

Column 3 Taxable Amount - Subtract the total exempt commercial rentals from the total gross commercial rentals and enter the taxable amount.

Column 4 Tax Due - Enter the total amount of tax due, including discretionary sales surtax. Report all discretionary sales surtax collected on Line 15(d) on the back of the return.

LINE D - Transient Rentals, Columns 1 – 4

Certificate Number:		SALES AND USE TAX RETURN		HD/PM Date: / /		DR-15 R. 01/15	
Florida		1. Gross Sales	2. Exempt Sales	3. Taxable Amount	4. Tax Due		
A. Sales/Services		.	.	.	.
B. Taxable Purchases		Include use tax on Internet / out-of-state untaxed purchases →		.	.		
C. Commercial Rentals		.	.	.	.
D. Transient Rentals		.	.	.	.

Column 1 Gross Sales - Enter the total amount charged for transient rentals only. **Do not include tax due in this amount.**

Column 2 Exempt Sales - Enter the total amount of tax-exempt transient rentals included in Line D, Column 1. Enter zero, if none.

Column 3 Taxable Amount - Subtract the exempt transient rentals from total gross transient rentals and enter the taxable amount.

Column 4 Tax Due - Enter the total amount of tax due on transient rentals, including discretionary sales surtax. Report all discretionary sales surtax collected on Line 15(d) on the back of the return.

LINE E - Food & Beverage Vending, Columns 1- 4

Certificate Number:		SALES AND USE TAX RETURN		HD/PM Date: / /	DR-15 R. 01/15
Florida	1. Gross Sales	2. Exempt Sales	3. Taxable Amount	4. Tax Due	
A. Sales/Services	.	.	.	.	.
B. Taxable Purchases	Include use tax on Internet / out-of-state untaxed purchases →		.	.	.
C. Commercial Rentals	.	.	.	.	.
D. Transient Rentals	.	.	.	.	.
E. Food & Beverage Vending	.	.	.	.	.

Column 1 Gross Sales - Operators of food and beverage vending machines should compute their gross sales by dividing the total receipts from the machine(s) by the appropriate food and beverage divisor for the county where the machine(s) is located.

Sales/Surtax Rate	Food & Beverage Divisor
6.0%	1.0645
6.25%	1.06655
6.5%	1.0686
6.75%	1.0706
7.0%	1.0726
7.25%	1.07465
7.5%	1.0767
7.75%	1.0788
8.0%	1.0808

Example

The gross receipts from a soft drink machine in a county with a combined sales and surtax rate of 6.5% total \$100. Gross receipts divided by the food and beverage divisor for the 6.5% rate equals gross sales. Gross receipts minus gross sales equals tax due. Gross sales multiplied by the surtax rate equals discretionary sales surtax collected.


$\$100 \div 1.0686 = \93.58 (gross sales)
 $\$100 - \$93.58 = \$6.42$ (tax due, including discretionary sales surtax)
 $\$93.58 \times .005 = \4.7 [discretionary sales surtax portion to be reported on Line 15(d)]

Column 2 Exempt Sales - Enter all tax-exempt sales. If there are none, enter zero.

Column 3 Taxable Amount - Enter the amount computed as explained in the example above.

Column 4 Tax Due - Enter the total amount of tax due, including discretionary sales surtax computed as explained in the example above.

Certificate Number:		SALES AND USE TAX RETURN		HD/PM Date: / /	DR-15 R. 01/15
Florida	1. Gross Sales	2. Exempt Sales	3. Taxable Amount	4. Tax Due	
A. Sales/Services	.	.	.	.	.
B. Taxable Purchases	Include use tax on Internet / out-of-state untaxed purchases →		.	.	.
C. Commercial Rentals	.	.	.	.	.
D. Transient Rentals	.	.	.	.	.
E. Food & Beverage Vending	.	.	.	.	.
Transient Rental Rate:	Surtax Rate:	Reporting Period	5. Total Amount of Tax Due	.	.
			6. Less Lawful Deductions	.	.
			7. Net Tax Due	.	.
			8. Less Est Tax Pd / DOR Cr Memo	.	.
			9. Plus Est Tax Due Current Month	.	.
			10. Amount Due	.	.
			11. Less Collection Allowance	.	E-file/E-pay Only
			12. Plus Penalty	.	.
			13. Plus Interest	.	.
			14. Amount Due with Return	.	.


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Due: Late After: Check here if payment was made electronically.

Do not write in the space below.

Line 5 Total Amount of Tax Due - Add all the amounts in Column 4, Lines A through E, and enter the total amount of Tax Due. If discretionary sales surtax was collected, it must be included in this amount.

Line 6 Less Lawful Deductions - Enter the total amount of all allowable tax deductions. **Do not report sales tax credits on this line** (see Line 8 instructions).

Lawful deductions include tax refunded by you to customers because of returned goods or allowances for damaged merchandise, tax paid by the motor vehicle dealer on purchases of goods intended for use or consumption but resold instead, enterprise zone job credits, and any other deductions allowed by law.

- **Do not include documentation with your return. Documentation to support lawful deductions may be requested later.**
- **If you are claiming enterprise zone jobs credits, you must complete Line 16, and include this amount on Line 6.**

Note: The amount on Line 6 cannot exceed the amount on Line 5. Claim any remaining balance on Line 6 of your next tax return.

Line 7 Total Tax Due - Subtract Line 6 from Line 5 and enter the amount. If negative, enter zero (0).

Line 8 Less Estimated Tax Paid/DOR Credit Memo(s) - Enter the total amount of estimated tax paid last month and any sales credit memo issued by the Florida Department of Revenue (DOR). If the DOR credit memo(s) exceeds the total tax due on line 7, claim the remaining credit memo balance on Line 8 of your next return. If this is your final return, contact the Department to request an Application for Refund - Sales and Use Tax (Form DR-26S).

Line 9 Plus Estimated Tax Due Current Month - Enter the total amount of estimated taxes due, calculated for the current month using one of three methods. See page 16-18. If the dealer is not required to make estimated tax payments, skip this line.

Line 10 Amount Due - Subtract the amount on Line 8 from Line 7. Add the amount on Line 9. Enter the result on Line 10. The amount entered on Line 10 cannot be negative. If this calculation results in a negative amount, contact Taxpayer Services.

Line 11 Less Collection Allowance - As of July 1, 2012, you must e-file and e-pay **timely** to receive a collection allowance. The collection allowance is 2.5% (.025) of the first \$1,200 of the tax due, not to exceed \$30. You cannot take the collection allowance if you are using paper to file.

Line 12 Plus Penalty - Penalty for Late Returns or Payments
The penalty is either:

- 10% of the amount due shown on Line 10.
- A minimum of \$50 if 10% of Line 10 is less than \$50.

If your return or payment is late, include the penalty on Line 12 of your return. The minimum penalty of \$50 will apply even if you are filing a late "zero tax due" return.

Penalty for Underpayment of Estimated Tax


If you underpaid your last month's estimated tax on Line 9, a **"specific" penalty** of 10% is due on the underpaid amount. We will send you a notice of additional tax due.

Line 13 Plus Interest - If your payment is late, interest is owed on the amount due (Line 10). Florida law provides a floating rate of interest for late payments of taxes and fees due, including discretionary sales surtax. The floating rate of interest is established using the formula in s. 213.235, F.S., and is updated on January 1 and July 1 each year.

Line 14 Amount Due with Return - If your return and payment are filed on time, subtract Line 11 from Line 10 and enter the amount on Line 14. If your return or payment is late, add lines 12 and 13 to Line 10 and enter the amount on Line 14. Line 14 is the amount you owe, including discretionary sales surtax.

How to Complete the Back of the DR-15 Sales and Use Tax Return

Certificate Number:		SALES AND USE TAX RETURN		HD/PM Date: / /		DR-15 R. 01/15	
Florida		1. Gross Sales	2. Exempt Sales	3. Taxable Amount	4. Tax Due		
A. Sales/Services		.	.	.	.
B. Taxable Purchases		Include use tax on Internet / out-of-state untaxed purchases →		.	.		
C. Commercial Rentals		.	.	.	.
D. Transient Rentals		.	.	.	.
E. Food & Beverage Vending		.	.	.	.
Transient Rental Rate:	Surtax Rate:	Reporting Period		5. Total Amount of Tax Due	.		
				6. Less Lawful Deductions	.		
				7. Net Tax Due	.		
				8. Less Est Tax Pd / DOR Cr Memo	.		
				9. Plus Est Tax Due Current Month	.		
				10. Amount Due	.		
				11. Less Collection Allowance	E-file/E-pay Only		
				12. Plus Penalty	.		
				13. Plus Interest	.		
				14. Amount Due with Return	.		


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Due: **Late After:**
 Check here if payment was made electronically.

Do not write in the space below.

Lines 15(a) – 15(d) – Discretionary Sales Surtax (DSS)

Line 15(a) Exempt Amount of Items Over \$5,000 - Enter the amount in excess of \$5,000 for any single taxable item of tangible personal property sold or purchased for more than \$5,000. Example: If a motor vehicle is sold for \$7,000, enter \$2,000 (the amount over \$5,000) on Line 15(a). Remember, the \$5,000 limitation does not apply to rentals of real property, transient rentals, services, or service agreements.

Line 15(b) Other Taxable Amounts in Column 3 NOT Subject to Surtax - Enter the amount of taxable sales or purchases included in Column 3 that are not subject to discretionary sales surtax.

Line 15(c) Amounts Subject to Surtax at a Rate Different Than Your County Surtax Rate - Enter the taxable amounts from Column 3 for which you collected a different county discretionary sales surtax rate.

Line 15(d) Total Amount of Discretionary Sales Surtax Due - Enter the total amount of discretionary sales surtax due on Line 15(d). Do not include state sales tax in this amount.

Example: During the month a car dealer sold six cars. The dealer is located in a county imposing a 1% discretionary sales surtax. The total of each sale is summarized below:

	Sales Price	Tax Collected	Exempt amount over \$5,000	Surtax Collected	County where MV will be registered
Sale 1	\$10,000	\$637.50	\$5,000	\$37.50	Surtax county (.75%)
Sale 2	\$20,000	\$1,225	\$15,000	\$25	Surtax county (.5%)
Sale 3	\$25,000	\$1,550	\$20,000	\$50	Surtax county (1%)
Sale 4	\$ 6,000	\$ 410	\$ 1,000	\$50	Surtax county (1%)
Sale 5	\$22,000	\$1,395	\$17,000	\$75	Surtax county (1.5%)
Sale 6	\$ 7,000	\$ 420	N/A	N/A	Non-Surtax
	\$90,000	\$5,637.50	\$58,000	\$237.50	

How Does the Surtax Rate Apply to the \$5,000 cap on the collection of DSS?

On a sale of tangible personal property of \$5,000, or more, if the surtax rate was .5% (.005), the surtax would be \$25.00. If the surtax rate was 1.5% (.015), the surtax would be \$75.

- Line 15(a)** Exempt Amounts over \$5,000 = \$ 58,000.00
- Line 15(b)** Other Amounts in Column 3 NOT subject to Surtax = \$ 7,000.00
- Line 15(c)** Amount Subject to Surtax
at a Rate Different than Your County Surtax Rate = \$ **15,000.00**
- Line 15(d)** Total Surtax Amounts Due = \$ 237.50

Under penalties of perjury, I declare that I have read this return and the facts stated in it are true.

Signature of Taxpayer	Date	Signature of Preparer	Date
()		()	
Telephone Number		Telephone Number	

Discretionary Sales Surtax (Lines 15(a) through 15(d))

15(a). Exempt Amount of Items Over \$5,000 (included in Column 3)	15(a).	58,000.00
15(b). Other Taxable Amounts NOT Subject to Surtax (included in Column 3)	15(b).	7,000.00
15(c). Amounts Subject to Surtax at a Rate Different Than Your County Surtax Rate (included in Column 3)	15(c).	15,000.00
15(d). Total Amount of Discretionary Sales Surtax Due (included in Column 4)	15(d).	237.50
16. Total Enterprise Zone Jobs Credits (included in Line 6)	16.	_____
17. Taxable Sales/Untaxed Purchases or Uses of Electricity — (included in Line A)	17.	_____
18. Taxable Sales/Untaxed Purchases of Dyed Diesel Fuel — (included in Line A)	18.	_____
19. Taxable Sales from Amusement Machines (included in Line A)	19.	_____
20. Rural and/or Urban High Crime Area Job Tax Credits	20.	_____
21. Other Authorized Credits	21.	_____

Other items on the back of the DR-15 return.

- Line 16** **Total Enterprise Zone Jobs Credits** - Enter the total of all approved enterprise zone jobs credits on Line 16.
- Line 17** **Taxable Sales/Untaxed Purchases or Uses of Electricity** - Enter the total taxable amount of sales or purchases of electric power or energy subject to the 6.95% rate. If the sale or purchase of electric power or energy occurred in a county that imposes a discretionary sales surtax, the tax rate would be 6.95% plus the applicable discretionary sales surtax rate.
- Line 18** **Taxable Sales/Untaxed Purchases of Dyed Diesel Fuel** - Enter the total amount of dyed diesel fuel sales or purchases (subject to sales or use tax) used in self-propelled off-road equipment, including vessels. The discretionary sales surtax, if applicable, must be included on the front of the return on Line A, Column 4.
- Line 19** **Taxable Sales from Amusement Machines** - Enter the amount of taxable sales from amusement machines.

Three Methods for Computing Estimated Tax

The percentage factor for calculating estimated tax is 60%. Your estimated tax liability is based only on Florida sales and use tax due (Form DR-15, Line 7, Total Tax Due minus discretionary sales surtax). If you incorrectly calculate or forget to enter your estimated tax, you cannot amend your return. Compute your estimated tax liability by one of the following methods.

Method 1 – Average Tax Liability

Calculate 60% of your average sales tax collected for the months during the previous calendar year that you reported taxable transactions.

Example: When completing your **December** return, calculate your average sales tax collections for the entire prior calendar year. To calculate your average, complete the following steps:

- Step 1** Review all of your sales tax returns filed for the calendar year.
- Step 2** Add together the amounts from Line 7 (minus any discretionary sales surtax) from each return.
- Step 3** Divide the total of all Line 7 amounts by the number of returns filed with tax due on Line 7 to compute the monthly average sales tax collected.
- Step 4** Multiply your monthly average sales tax collected by 60%.
- Step 5** Enter the amount determined in Step 4 on Line 9 of each return due the following year. Beginning with your **December** return due **January 1**.

Method 2 – Current Month/Previous Year

Calculate 60% of your sales tax collected for the same month of the previous calendar year.

Example: When completing your **December** return, multiply the amount on Line you're your **January** return for the same calendar year (less discretionary sales surtax) by 60% . Enter that amount on Line 9.

Method 3 – Current Month

Calculate 60% of the tax collected for the next month's return.

Example: When completing your **December** return, your estimated tax liability is 60% of what you will collect and report (minus discretionary sales surtax) on your **January** return. Enter that amount on Line 9.

Note: If you correctly calculate your estimated tax using one of the above methods, you will not be assessed a penalty for underpayment of estimated tax.

Alternative Method for Estimated Sales Tax Payments

Boat, motor vehicle, and aircraft dealers may use an alternative method to calculate their estimated sales tax.

To qualify for the alternative estimated sales tax method, a dealer must have made at least one sale of a boat, motor vehicle, or aircraft with a selling price of \$200,000 or more in the previous state fiscal year. The state fiscal year is from July 1 through June 30.

Dealers must apply before October 1st each year and be approved by the Department to use this alternative method.

The *Boat, Motor Vehicle, or Aircraft Dealers Application for Special Estimation of Taxes* (Form DR-300400) may be obtained from the Department's website at floridarevenue.com/forms. This form must be filed on or before October 1st each year.

Calculating Estimated Tax Using the Alternative Method

In addition to filing the *Sales and Use Tax Return* (Form DR-15), dealers approved to use the alternative method will be required to:

- Pay estimated tax every month based on 60% (Method 1) of their average tax liability for all sales, excluding the sale of each boat, aircraft, or motor vehicle with a sales price of \$200,000 or more during the previous state fiscal year. **Special Note: If approved to use the alternative method described above, dealers will be required to pay estimated tax using ONLY this method for each month of the entire calendar year.**
- Pay the sales tax for each sale of a boat, motor vehicle, or aircraft with a sales price of \$200,000 or more, by electronic funds transfer (EFT) initiated on the date of the sale.
- Submit a check with a *Sales and Use Tax Return* (Form DR-15) postmarked on the date of the sale.

Calculation Example:

An RV dealer reported taxable sales in the previous state fiscal year of \$3,000,000. Three RVs were sold for more than \$200,000 each for a total of \$750,000. In this example for calculating estimated tax, the net sales were \$2,250,000 for the previous state fiscal year.

Alternative Estimated Tax Method	
Line A - Taxable sales prior fiscal year	\$3,000,000
Line B - Less (-) total of all individual sales of \$200,000 or more	<\$ 750,000>
Line C - Net sales	\$2,250,000
Line D - Total tax due (6% of Line C)	\$ 135,000
Line E - Divide the amount on Line D by 12	\$ 11,250
Line F - Monthly estimated tax (60% of Line E)	\$ 6,750

Penalty and Interest for Underpayment of Estimated Tax

Failure to timely pay estimated tax using the alternative method and/or any tax due on a transaction of \$200,000 or more on the date of sale will result in:

- A specific underpayment of estimated tax penalty of 10% of the underpayment. You may also be subject to a delinquency penalty of 10% of the tax due and interest.
- The interest rate is updated twice each year and will be calculated starting on the 21st day of the month following the month for which the tax is due. To obtain interest rates, visit the Department's Internet site at floridarevenue.com/taxes/rates.

Section 8

Collection and Computation

To compute the amount of tax to be collected, a dealer must first determine the amount on which the tax is to be calculated. This is considered the taxable base (net selling price).

Taxable Base (net selling price)

To determine the taxable base (net selling price), the dealer must take into consideration the following:

- Retail sales price
- Amount of any trade-in allowance
- Whether the sale qualifies as an exempt sale

Applicable Tax Rate

Once the taxable base (net selling price) is determined, the applicable tax rate is applied to the taxable base (net selling price) to determine the amount of tax to be collected.

Example:

Sale of motor vehicle	Dollar amounts
Sales price of motor vehicle	\$ 25,000
Less trade in	<4,000>
Taxable base (net selling price)	\$ 21,000
Tax at 6%	\$ 1,260
Discretionary Tax at 1% (\$5,000 cap)	\$ 50
Total amount due	\$ 22,310

Taxable Sales

The sale, use, or storage for use in this state of any motor vehicle is taxable on the full sales price, without any deductions. This includes such components as:

- Dealer's prep
- Tire and waste fee
- Federal taxes (unless separately stated)*
- Freight
- Handling
- Delivery
- Commission
- Repossession
- Advertising
- Future free service
- Notary fees
- Warranties
- Any other expenses or costs

* Section 12A-1.022(1)(b), F.A.C., states that federal retail excise taxes imposed on the retail sale of a motor vehicle are not subject to tax when separately stated on the sales invoice. Section 12A-1.022(1)(a), F.A.C., states that federal manufacturers' excise tax(es) imposed on the manufacturer **are part** of the sales price (net selling price) of any motor vehicle on which the tax is computed, **whether or not separately stated**.

Government Requirements Exempt from Tax

Motor vehicle tag, title, registration, licensing, and lien recordation fees imposed by governmental agencies are excluded from the taxable selling price (net selling price). The "Lemon Law," \$2 Motor Vehicle Warranty Enforcement Act (MVWEA) fee on new motor vehicles is **NOT** subject to sales tax.

Rental Payments Taxable

The total rental payment received on a leased vehicle is subject to sales tax and may be subject to surtax. This includes the rental car surcharge (\$2 a day on passenger motor vehicles) which is **only** assessed on the first 30 days of the rental.

Separate charges of gasoline on which a motor fuel tax was already paid and optional insurance are **NOT** a part of the taxable base. However, when a separately itemized charge for a fuel purchase option is required, and no allowance has been made for the amount of fuel remaining in the rented motor vehicle's gas tank, the fuel charge is not a charge for the price of fuel upon which the fuel taxes have been paid. Therefore, any separately itemized fuel charges the renter is required to pay, are considered part of the total taxable rental charges.

Trade-in Allowance

For a trade-in to reduce the taxable base (net selling price) of the motor vehicle, the trade must be:

- Tangible personal property (TPP)
- Intended to be resold

When the sale and trade-in are accomplished in one transaction, the trade-in allowance shall be deducted from the gross sales price to determine the taxable base (net selling price). Therefore, only the net sales price (full sales price less any trade-in) is subject to tax. Third party trade-ins may be accepted.

Example: A registered motor vehicle dealer accepts a used motor vehicle as a trade-in on the sale of a new motor vehicle.	
Sales price of a new motor vehicle	\$ 17,500
Less trade-in (used motor vehicle)	<2,300>
Taxable base (net selling price)	\$ 15,200
Tax computed on this amount	\$ 15,200

Example: A registered recreational vehicle dealer accepts as a trade-in on the sale of a new recreational vehicle, an air conditioning unit (TPP) which he intends to resell as part of another recreational vehicle.	
Sales price of new recreational vehicle	\$ 32,000
Less trade-in (air conditioning unit)	<1,000>
Taxable base (net selling price)	\$ 31,000
Tax computed on this amount	\$ 31,000

Separate Sales Transactions

When there are separate sales transactions, by either the buyer or seller of the motor vehicle, the other vehicle is **NOT** a trade-in, even if the proceeds of the sale are immediately applied to the purchase of another vehicle. In this case, the tax is due on the gross sales price and there is no reduction in the taxable base for a trade-in.

Dealer's Discount

A dealer's discount reduces the selling price of the vehicle at the moment of sale.

Example: A car dealer advertises a "BIG" sale. For this sale, the dealer is marking down the price of all cars in stock by \$1,000.	
Sales price of car	\$ 15,000
Less dealer discount	<1,000>
Taxable base (net selling price)	\$ 14,000
Tax due on this amount	\$ 14,000

Example: A car dealer advertises a "BIG" sale. For this sale, the dealer is marking down the price of all cars in stock by \$1,000 and allows trade-ins.	
Sales price of car	\$ 15,000
Less dealer discount	<1,000>
Reduced sales price	\$ 14,000
Less trade-in	<2,500>
Taxable base (net selling price)	\$ 11,500
Tax due on this amount	\$ 11,500

Manufacturer's Rebate

A refund issued directly by the manufacturer to the purchaser of a motor vehicle is **NOT** a reduction in the selling price (net selling price) by the dealer and the tax is calculated on the full selling price of the vehicle. When a rebate is assigned to the dealer by the purchaser and applied to the purchase of the vehicle at the moment of the sale, it is **NOT** a reduction in the selling price and the tax is calculated on the full selling price of the vehicle.

Example: A car dealer advertises a "BIG" sale. For this sale, the dealer is marking down the price of all cars in stock by \$1,000. The car manufacturer is also providing new car buyers with a rebate of \$1,000. (Purchaser resides in a county with no surtax.)	
Sales price of car	\$ 15,000
Less dealer discount	<1,000>
Taxable base (net selling price)	\$ 14,000
Tax is due on this amount	\$ 14,000
Tax due	\$ 840
Manufacturer's rebate	<1,000>
Total due from customer	\$ 13,840

Note: The Manufacturer's Rebate does not reduce the taxable base.

Example: The car dealer with the "BIG" sale accepts a used car as a trade-in on the same transaction in which he sells a new car to his customer. (Customer resides in 1 percent surtax county.)			
Sales price of car		\$ 15,000	
Less dealer discount		<1,000>	
Reduced sales price		\$ 14,000	
Less trade-in (used motor vehicle)		<2,500>	
Taxable base (net selling price)		\$ 11,500	
Tax due @ 6%	DSS due @ 1%	(\$690+ \$50)	\$ 740
Total amount due		\$ 12,240	
Manufacturer's rebate		<1,000>	
Amount due from purchaser		\$ 11,240	

The sales price (net selling price) of the car is reduced by the dealer's discount, reduced by the trade-in, but **NOT** by the manufacturer's rebate when determining the taxable base.

Tax Calculation

The general sales tax rate is 6% on motor vehicles. The correct amount of tax must be calculated by using the bracket system. For a listing of the six most common Florida tax rates, go to Form DR-2X, the *Sales Tax Rate Table* at floridarevenue.com/forms under Sales and Use Tax.

On the sale of a motor vehicle with a total taxable price (net selling price) of \$25,160.17, the tax would be calculated as follows:

Multiply the price (\$25,160) of the motor vehicle by 6%. ($\$25,160.00 \times .06 = \$1,509.60$), then check rate table for the appropriate tax on \$.17 (.02¢) for total tax due of \$1,509.62.

The tax is paid by the ultimate consumer and is collected by the retailer at the time of the sale.

In addition, a local discretionary sales surtax currently ranging from .5% to 2% may be imposed based on the residence address of the purchaser of the motor vehicle. The *Discretionary Sales Surtax Information* sheet (Form DR-15DSS) is posted at the website listed above.

Tax Collected on Sales to Nonresidents

Florida law allows qualified purchasers who live in another state a partial tax exemption on motor vehicles that are purchased in Florida.

Residents of another state only pay Florida sales tax (on a motor vehicle purchased in Florida) at the sales tax rate imposed in the non-resident's home state. In no case will more than the Florida sales tax rate of 6% be collected. Discretionary sales surtax does not apply to a motor vehicle sold to a non-resident.

The dealer must have the *Affidavit for Partial Exemption of Motor Vehicle Sold for Licensing in Another State* (Form DR-123), signed by the customer for sales to residents of another state. The purchaser must title the vehicle in his/her own state, within 45 days to retain the exemption; removal of the vehicle is not required. Please see *Affidavit for Partial Exemption of Motor Vehicle Sold for Licensing in Another State* (Form DR-123), on the Department's website.

Example: Sale of \$20,000 motor vehicle to a resident of another state. Tax would be collected on the \$20,000 sales price at Florida's state sales tax rate of 6%. No discretionary sales surtax would be collected.

Out-of-State Sales Tax Rates

The collection of different state rates creates a problem for motor vehicle dealers to correctly report the sales taxed at a rate lower than 6% on the *Sales and Use Tax Return* (Form DR-15).

All motor vehicle dealers registered in Florida should use the following method for reporting out-of-state sales of motor vehicles on their *Sales and Use Tax Return* (Form DR-15).

For reporting purposes on the *Sales and Use Tax Return* (Form DR-15), calculate the amount of taxable sales and exempt sales by using the following method:

1. Determine the tax rate of the purchaser's state of residence, in which the vehicle will be registered.
2. Multiply the sales price (purchase price less any trade-in credit, if applicable) by the tax rate of the other state, shown as a decimal, then divide by 6% (.06), shown as a decimal.
3. The result of this calculation is the reported taxable amount that is included on Line A, Column 3 (Taxable Amount), of the *Sales and Use Tax Return* (Form DR-15).
4. To determine the exempt sales to be reported, subtract the taxable amount computed in #2 above from the sales price. This amount is reported on Line A, Column 2 (Exempt Sales), of the *Sales and Use Tax Return* (Form DR-15).
5. To determine the amount of tax to be reported, multiply the taxable amount computed in #2 above by .06 (Florida's rate). This is the same amount as the actual tax collected on the transaction.

The following are examples of how sales transactions of a motor vehicle purchased in Florida that will be registered in another state will be reported on Form DR-15.

Example A: A motor vehicle that will be registered in Alabama is purchased for \$14,356.00. (Alabama rate is 2%.)			
\$14,356.00 (sales price) times .02 (Alabama's rate) divided by .06 equals \$4,785.33.			
\$14,356.00	X .02	Divided by .06	= \$4,785.33
This is the reported taxable amount for this transaction.			
\$14,356.00 less \$4,785.33 equals \$9,570.67.			
\$14,356.00	less	<\$4,785.33>	= \$9,570.67
This is the amount of exempt sales to be reported for this transaction.			

\$4,785.33 (taxable portion) times .06 (Florida's rate) equals \$287.12 OR \$14,356.00 (sales price) times .02 (Alabama's rate) equals \$287.12 tax due.

\$14,356.00	X .02	Divided by .06	= \$4,785.33
\$14,356.00	less	<\$4,785.33>	= \$9,570.67
\$ 4,785.33	X .06 = \$287.12	\$14,356. X .02	= \$ 287.12

DR-15 Sales and Use Tax Return

Certificate Number:		SALES AND USE TAX RETURN		HD/PM Date: / /	DR-15 R. 01/15
Florida		1. Gross Sales	2. Exempt Sales	3. Taxable Amount	4. Tax Due
A. Sales/Services		14,356.00	9,570.67	4,785.33	287.12
B. Taxable Purchases		Include use tax on Internet / out-of-state untaxed purchases →		.	.
C. Commercial Rentals		.	.	.	.
D. Transient Rentals		.	.	.	.
E. Food & Beverage Vending		.	.	.	.
				5. Total Amount of Tax Due	.
				6. Less Lawful Deductions	.
				7. Net Tax Due	.
				8. Less Est Tax Pd / DOR Cr Memo	.
				9. Plus Est Tax Due Current Month	.

Example B: An out-of-state resident purchases a motor vehicle for \$23,949.00 that will be registered in Georgia. The purchaser trades in a motor vehicle and receives a \$5,200.00 credit to be applied to the sales price of the new motor vehicle. (Georgia rate is 4%.)

\$18,749.00 (\$23,949.00 [purchase price] less \$5,200.00 [trade-in]) times .04 (Georgia's rate) divided by .06 (Florida's rate) equals \$12,499.33.

\$18,749.00	X .04	Divided by .06	= \$12,499.33
This is the reported taxable sales amount for this transaction			

\$18,749.00 less \$12,499.33 equals \$6,249.67.

\$18,749.00	less	<\$12,499.33>	= \$ 6,249.67
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This is the reported exempt sale for this transaction.

\$12,499.33 (taxable portion) times .06 (Florida's rate) equals \$749.96 OR \$18,749.00 times .04 (Georgia's rate) equals \$749.96 tax due.

\$18,749.00	X .04	Divided by .06	= \$12,499.33
\$18,749.00	less	<\$12,499.33>	= \$ 6,249.67
\$12,499.33	X .06 = \$749.96	\$18,749. X .04	= \$ 749.96

DR-15 Sales and Use Tax Return

*These sales should also be reported on Line 15(b) on the back of the return.

Certificate Number:		SALES AND USE TAX RETURN		HD/PM Date: / /	DR-15 R. 01/15
Florida		1. Gross Sales	2. Exempt Sales	3. Taxable Amount	4. Tax Due
A. Sales/Services		18,749.00	6,249.67	12,499.33	749.00
B. Taxable Purchases		Include use tax on Internet / out-of-state untaxed purchases →		.	.
C. Commercial Rentals		.	.	.	.
D. Transient Rentals		.	.	.	.
				5. Total Amount of Tax Due	.

Example C: Transactions for South Carolina Residents – South Carolina has a sales tax limit of \$300.00. The tax rate for South Carolina is 5% (.05).

If the sales price exceeds \$6,000.00, the portion over \$5,000.00 becomes the reported exempt sales and the \$5,000.00 becomes the reported taxable amount. (\$5,000 times 6% equals \$300.)

(a) Sales price exceeds \$6,000.00

\$12,000.00 (sales price) less \$5,000.00 (taxable amount) equals \$7,000.00 (exempt sales). Tax due is \$300.00.

South Carolina	\$12,000.00	\$7,000.00	\$5,000.00	\$300.00
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(b) Sales price less than \$6,000.00

If the sales price is less than \$6,000.00, you will use the method explained above:

South Carolina	\$4,000.00	\$ 666.67	\$3,333.33	\$200.00
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\$4,000.00 (sales price) times .05 (South Carolina's rate) divided by .06 equals \$3,333.33. This is the reported taxable amount for this transaction.

\$4,000.00	X .05	Divided by .06	= \$3,333.33
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\$4,000.00 less \$3,333.33 equals \$666.67. This is the reported exempt sale for this transaction.

\$4,000.00	less	<\$3,333.33>	= \$ 666.67
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\$3,333.33 (taxable amount) times .06 (Florida's rate) equals \$200.00 OR \$4,000.00 times .05 equals \$200.00 (tax due).

\$ 3,333.33	X .06	\$200.00	\$4,000.00 X .05	= \$ 200.00
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\$ 4,000.00	X .05	Divided by .06	= \$ 3,333.33
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\$ 4,000.00	less	<\$3,333.33>	= \$ 666.67
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\$ 3,333.33	X .06 = \$200.00	\$4,000.00 X .05	= \$ 200.00
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Sum totals of all out-of-state sales on the above return

Alabama	\$14,356.00	\$ 9,570.67	\$ 4,785.33	\$ 287.12
Georgia	\$18,749.00	\$ 6,249.67	\$12,499.33	\$ 749.96
South Carolina	\$16,000.00	\$ 7,666.67	\$ 8,333.33	\$ 500.00

The following is the way these transactions will appear on Form DR-15.

Certificate Number:		SALES AND USE TAX RETURN		HD/PM Date: / /		DR-15 R. 01/15	
Florida		1. Gross Sales	2. Exempt Sales	3. Taxable Amount	4. Tax Due		
A. Sales/Services		49,105.00	23,487.00	* 25,617.99	1,537.08		
B. Taxable Purchases	Include use tax on Internet / out-of-state untaxed purchases →			.	.		
C. Commercial Rentals		.	.	.	.
D. Transient Rentals		.	.	.	.
E. Food & Beverage Vending		.	.	.	.
				5. Total Amount of Tax Due	.		
				6. Less Lawful Deductions	.		
				7. Net Tax Due	.		
				8. Less Est Tax Pd / DOR Cr Memo	.		
				9. Plus Est Tax Due Current Month	.		

Note: Because these vehicles will be registered in another state, they are **NOT** subject to discretionary sales surtax.

The “**Taxable Amount**” for these transactions included on Line A, Column 3, of Form DR-15 must also be included on the back of the return on Line 15(b).

Out-of-State Purchasers Residing in States with a Sales Tax Rate Above 6%

If the sales tax rate in the non-resident’s state is greater than 6%, the non-resident will only pay tax at the 6% Florida rate on a motor vehicle purchased in Florida.

Example: Sale of \$20,000 motor vehicle to California resident with sales tax rate of 7.25%. Tax would be collected on the \$20,000 sales price at the rate of 6%, Florida’s state sales tax rate.

The dealer must have the *Affidavit for Partial Exemption of Motor Vehicle Sold* (Form DR-123) signed by the customer and notarized for all out-of-state sales transactions.

Since possession is taken in Florida, the sales tax is due in Florida. Some states may require their residents to pay the sales tax again in order to register the vehicle in that state. For the most current out-of-state rates, please see the TIP for Motor Vehicle Sales Tax Rates by State in the Revenue Law Library. A new TIP is issued every January.

For states that do **NOT** impose a sales tax on motor vehicles, no sales tax will be due from the out-of-state purchaser if the purchaser completes the *Affidavit for Partial Exemption of Motor Vehicle Sold* (Form DR-123) and licenses the motor vehicle in their state of residence within 45 days of purchase in Florida.

Exempt Transactions

The following discussion lists certain transactions that are exempt from tax and the necessary documentation needed to support the exemption.

The determination of the taxable or exempt status of a transaction is the responsibility of the selling dealer. The selling dealer is required to obtain this documentation from the purchaser to justify exempt transactions. If at any time the transaction cannot be supported with the proper documentation, the transaction is subject to tax.

The selling dealer must either obtain a signed copy of the current *Annual Resale Certificate* (Form DR-13) or the *Florida Consumer’s Certificate of Exemption* (Form DR-14) or document the authorization number for the exempt nature of the transaction. The selling dealer can get a transaction resale authorization number through either an automated toll-free telephone system or an online verification system.

By Telephone: The nationwide toll-free number is 877-357-3725. The selling dealer must key in the purchaser's sales tax certificate number using a touch-tone phone.

Internet: Visit <https://verify-taxcerts.floridarevenue.com> for the online verification system. The selling dealer must first enter his or her own 13-digit sales tax certificate number. Once this is verified, the selling dealer may then enter up to five customers' sales tax certificate numbers.

Both the telephone and online systems will issue a 13-digit transaction authorization number or alert the selling dealer that the purchaser does not have a valid resale certificate. The transaction resale authorization number is valid for that purchase only, and is not valid for other resale purchases made by the same purchaser.

(The selling dealer must get a new transaction resale authorization number for each resale transaction.) The sales invoice, purchase order, or other evidence of the sale must contain the transaction authorization number and this statement, signed by the purchaser: "The purchaser hereby certifies that the property or services being purchased or rented are for resale."

Sales for Resale

Sales at wholesale between dealers are exempt when the purchasing dealer extends a copy of their current Annual Resale Certificate to the selling dealer instead of paying tax on the transaction.

Sales at wholesale to rental or leasing companies should be supported by a copy of the current Annual Resale Certificate. When the vehicle is subsequently resold or leased, the purchasing dealer collects the sales tax from the ultimate consumer.

A non-registered out-of-state dealer may purchase a motor vehicle for resale without paying tax by providing the selling dealer with an affidavit. The affidavit must state that the nonresident dealer is registered to do business in his home state or country and that the vehicle will be transported outside Florida for resale and for no other purpose.

Out-of-Country Exports

There is no sales tax due on the sales of motor vehicles or recreational vehicles purchased for export outside the country. The selling dealer must deliver the vehicle to one of the following for shipment:

- Common carrier
- Licensed exporter
- Dealer-owned transportation
- Freight forwarder

Documentation is needed to exempt this transaction from sales tax. For example, trip tickets and truck log records could be used for documentation if the delivery was made using the dealer's transportation. If the dealer uses a common carrier, examples of documentation could be a dock or warehouse receipt and a bill of lading.

If the sale takes place **in Florida**, and the purchaser or anyone representing the purchaser (employee, family member, etc.) takes possession of the vehicle in Florida, sales tax will apply to the purchase. The purchaser is taxed just like a Florida resident.

Sales to Motor Carriers

Motor carriers, which transport persons or property in interstate commerce, may qualify for proration of Florida sales tax on the purchase or lease of motor vehicles and parts thereof.

The Department of Revenue must issue a *Certificate of Registration* (Form DR-11) and a *Direct Pay Permit* (Form DR-16P). The selling dealer shall obtain from the motor carrier, at the time of purchase or lease, in lieu of collecting sales tax, a copy of their direct pay permit. In turn, the motor carrier will have the responsibility to self-accrue and pay the use tax on the purchase of the vehicle to the Department based on mileage.

The lease or rental of a commercial motor vehicle to one lessee or renter for a period of 12 months or more is exempt from sales tax if the sales tax was paid on the purchase price of the vehicle by the lessor. Any subsequent leases of the same vehicle are taxable.

Sales to Exempt Entities

Federal, state, county, and city governments; and qualified nonprofit organizations, such as religious, charitable, scientific, educational, or veterans organizations (as defined in s. 212.08, F.S.), may be eligible to obtain a Florida *Consumer's Certificate of Exemption* [Form DR-14] from the Department for the purpose of purchasing items, for use in carrying on the work of the institution or entity.

Those organizations, which have been granted a Florida *Consumer's Certificate of Exemption* (Form DR-14), may purchase motor vehicles tax exempt by presenting a valid copy of their tax exemption certificate and other supporting documentation to the selling dealer at the time of the sale. The vehicle must be titled in the name of the exempt entity exactly as it appears on the *Consumer's Certificate of Exemption* (Form DR-14) in order to exempt the sale.

Leases to Governmental and Non-Profit Employees

The lease or rental of a motor vehicle to a Federal employee is exempt from tax whether the Federal government or the Federal employee makes payment. The Federal employee should provide the dealer with a copy of the official Federal Government Travel Orders authorizing the individual to lease an automobile at the government's expense for the specifically authorized period or a written statement from the employee which states:

- The employee's name
- The name and address of the Federal agency issuing the travel orders
- A statement, which affirms the need for the travel vehicle has arisen in the pursuit of the employer's affairs with the actual cost of the vehicle being paid or reimbursed by the Federal agency

The lease of motor vehicles to employees of organizations or government entities other than Federal agencies are taxable unless the employee provides to the selling dealer, documentation which states that the sale is being made directly to and paid by the organization, and which bears the exempt organization or government entity's *Consumer's Certificate of Exemption* (Form DR-14) number.

Veterans Administration

When a veteran of the armed forces purchases an aircraft, boat, mobile home, motor vehicle, or other vehicle from a dealer pursuant to the provisions of s. 3902(a), Title 38, United States Code, or any successor provision of the United States Code, the amount that is paid directly to the dealer by the Veterans Administration is not taxable.

However, any portion of the purchase price, which is paid directly to the dealer by the veteran, is taxable.

Service Warranties

Imposition of the Sales Tax on Service Warranties

A motor vehicle dealer is required to collect sales tax when a customer purchases a motor vehicle service warranty from the dealer. For purposes of applying the discretionary sales surtax, the \$5,000 cap does not apply to the sale of a service warranty on a motor vehicle.

A "service warranty" means any contract or agreement which indemnifies the holder of the contract or agreement for the cost of maintaining, repairing, or replacing tangible personal property, including motor vehicles.

Service warranties sold to out-of-state or out-of-country residents are subject to the state sales tax rate of 6%. The discretionary sales surtax (surtax) does not apply when the vehicle will be registered or licensed in another state or country. However, if the nonresident registers the vehicle in Florida, surtax will apply at the rate imposed by the county in which the vehicle is registered.

Exempt Sales

The sale of a service warranty is not taxable if the purchaser of the vehicle is exempt from sales tax.

Example: A qualifying exempt entity purchases a vehicle and a service warranty covering that vehicle. The qualifying exempt entity has a *Florida Consumer's Certificate of Exemption* (Form DR-14) from the Department of Revenue and extends a copy of their exemption certificate to the selling dealer. The dealer does not collect sales tax on the motor vehicle or the service warranty contract on these documented sales.

Credit for Cancelled Sales

When a service warranty is cancelled and the dealer refunds the purchase price of the warranty, the dealer must also refund the tax paid by the warranty holder for the warranty. If only a portion of the purchase price is refunded to the warranty holder, the dealer must refund the tax that was paid on the portion of the warranty being refunded. The dealer may request a refund from the Department or take credit on the *Sales and Use Tax Return* (Form DR-15) for the sales tax refunded to the customer.

Repairs Under a Service Warranty

When repairs are made to a vehicle under a service warranty, the payment of all or any portion of the claim by the service warranty issuer to the repairperson is not subject to sales tax.

Sales tax **DOES** apply to the warranty holder on any amount paid which is (i.e., deductibles) not covered by the warranty including repairs paid directly by the customer who is subsequently reimbursed by the service warranty issuer.

The repairperson must note on the repair invoice:

- The name of the service warranty issuer
- Service warranty policy number
- Issue date of the service warranty
- Florida sales tax number of the service warranty issuer and the amount of the claim to be paid by the service warranty issuer

Tax Due at Time of Sale

When a motor vehicle service warranty is sold in conjunction with the lease of a motor vehicle, tax is due at the time of the sale of the service warranty even though the amount of the premium is prorated over the term of the lease.

Repairs

When registered dealers repair vehicles for their customers, and parts are included in the repair, sales tax is due on the total charge, including labor. If no parts or materials are used and it is shown on the invoice that it was a service repair only, no tax is due on the repair. Parts and materials used in the repair of motor vehicles, purchased by the selling dealer are **NOT** taxable when incorporated into and sold as part of the vehicle.

Lubrication Services

The charge for lubrication services, including grease jobs and oil changes, is taxable.

Repairs to Tires

The charge for repairing flat tires is taxable. The charge for wheel balancing or tire mounting is taxable if tangible personal property are added to the tire.

Repairs to Vehicles Held in Inventory for Sale

When a registered dealer has repairs made to a vehicle held in inventory for sale, no sales tax is due on the repair bill. Tax will be collected when the vehicle is sold.

Insurance Claim Repairs

When a registered dealer makes repairs to a vehicle in an insurance claim, if parts are used, sales tax is due on the repair. If no parts or materials are used, no sales tax is due. Insurance companies should not pay tax on repairs to vehicles used exclusively for rental purposes. See TIP 01A01-09, *Repair of Vehicles Owned By Car Rental Companies* on the Department's website.

Repairs to Vehicles Used as Rentals

When parts are used to repair a vehicle, which is used exclusively for rental purposes, no tax is due on the repair.

Wrecker Services

Wrecker or towing charges are a service and are not taxable if the dealer separately states the towing charges on the invoice.

Car Wash Services

The charge for a car wash, in which only detergent or water softener is added to the water, is exempt from tax. The purchase of the detergent and water softener is taxable to the dealer.

The charge for a wash job where wax, silicones, or any other substance is added that forms a protective film or coating on the vehicle is taxable to the customer. The purchase of the wax, silicones, or other substance will be exempt to the dealer.

Replacement of Motor Vehicle (Lemon Law)

Requirements

When the manufacturer replaces a motor vehicle pursuant to the requirements imposed by the Lemon Law, the motor vehicle dealer must note on the sales invoice or other sales document, that the motor vehicle is a replacement vehicle under the provisions of s. 681.104, F.S., and must collect sales tax from the consumer on the amount of reasonable offset for use.

Reasonable Offset for Use

“Reasonable offset for use” means the number of miles attributable to a consumer up to the date of the third repair attempt of the same non-conformity or the 20th cumulative day when the vehicle is out-of-service by reason of repair of one or more non-conformities, whichever occurs first, multiplied by the purchase price of the vehicle and divided by 120,000. In the case of recreational vehicles, the multiplier is 60,000. (See s. 681.1029[20], F.S.)

Example:

The total sales price of the vehicle less trade-in allowance was \$18,000
The vehicle was driven 2,000 miles
Reasonable offset for use..... (2,000 @ \$18,000) / 120,000 = \$300
Tax to be collected based on usage by the owner..... (\$300 @ 6%) = \$18

Section 9

Use Tax

Dealers' License Plates

A registered motor vehicle dealer pays an annual license plate fee to the Department of Highway Safety and Motor Vehicles for use of any vehicle in its inventory to be operated in connection with its business. The fee is a use tax for the year the license plate was purchased and used and is in addition to fees imposed by Chapter 320.08(12), F.S., and is paid to the local tax collector's office or county tag agency.

Vehicles Not Held for Resale

Motor vehicles that are capitalized in a fixed asset account and depreciated for income tax purposes are taxable to the dealer based on the cost price of the vehicle.

If a motor vehicle manufacturer, distributor, dealer, or lessor registers the motor vehicle purchased for resale in a name other than that of the manufacturer, distributor, dealer, or lessor and retains title to the vehicle, the vehicle is not being held for sale and tax must be paid based on the cost price of the vehicle.

If a motor vehicle dealer assigns a motor vehicle to a person other than an employee or officer, it is not being held in inventory for sale and tax must be paid based on the cost price of the vehicle.

Examples: Spouses, parents, children, or other relatives.

No sales or use tax or rental car surcharge is due on a motor vehicle that is loaned at no charge by a motor vehicle dealer under the following circumstances:

- The vehicle is loaned to a person whose vehicle is being repaired, adjusted, or serviced by the dealer providing the replacement vehicle.
- The vehicle is loaned to a high school for use in its driver education and safety program.
- The dealer in connection with its business for demonstration purposes, loans the vehicle, provided that the dealer has obtained a dealer's license plate for such vehicle, pursuant to s. 320.08(12), F.S., and has paid the appropriate use tax fee on said dealer's license plate.

Dealers are required to maintain adequate records to support the exemption from use tax on the loan of any vehicle at no charge. The cost of Dealer License Plate fees can be found at the HSMV website at www.flhsmv.gov/fees/.

Taxable Loaner Vehicles

All other loans of a motor vehicle at no charge by motor vehicle dealers are subject to use tax based on the annual lease value as determined by the United States Internal Revenue Service's Automobile Annual Lease Value Table shown in this section.

Solely for purposes of sales and use tax on loaner vehicles, the phrase "no charge" means that no monetary consideration is being exchanged for the use of the motor vehicle. If monetary consideration is being given to a motor vehicle dealer in exchange for the use of a vehicle, the value of all consideration for the use of the vehicle will be the basis of determining sales tax, and the lease value table will not be applicable to the transaction.

To calculate the amount of use tax due, determine the annual lease value of a motor vehicle as follows:

1. Determine the fair market value of the motor vehicle. The fair market value shall not be less than the manufacturer's invoice price (including optional equipment for previously untitled vehicles) or the dealer's cost to acquire a previously titled vehicle plus any cost involved in making the vehicle available for loan.

If a vehicle, for which no dealer's license plate has been obtained, is loaned to an employee, the fair market value should be the same as that which is used to compute the annual lease value for purposes of determining the fringe benefit reportable as employee wages to the Internal Revenue Service.
2. Using the Annual Lease Value Table, find the dollar range in Column 1 for the fair market value of the motor vehicle. The corresponding amount in Column 2 is the annual lease value. Divide the annual lease value by 365. Multiply that amount by the number of days the motor vehicle is loaned during each month. Tax is computed by multiplying that amount by 6%, plus any applicable surtax.

NOTE: Use tax is to be remitted by the dealer for each month the motor vehicle is on loan. The following table shall be used to determine the annual lease value for "no charge" loaner motor vehicles:

Annual Lease Value Table		Annual Lease Value Table	
Automobile Fair Market Value	Annual Lease Value	Automobile Fair Market Value	Annual Lease Value
\$ 0 to 999	\$ 600	21,000 to 21,999	\$ 5,850
1,000 to 1,999	850	22,000 to 22,999	6,100
2,000 to 2,999	1,100	23,000 to 23,999	6,350
3,000 to 3,999	1,350	24,000 to 24,999	6,600
4,000 to 4,999	1,600	25,000 to 25,999	6,850
5,000 to 5,999	1,850	26,000 to 27,999	7,250
6,000 to 6,999	2,100	28,000 to 29,999	7,750
7,000 to 7,999	2,350	30,000 to 31,999	8,250
8,000 to 8,999	2,600	32,000 to 33,999	8,750
9,000 to 9,999	2,850	34,000 to 35,999	9,250
10,000 to 10,999	3,100	36,000 to 37,999	9,750
11,000 to 11,999	3,500	38,000 to 39,999	10,250
12,000 to 12,999	3,600	40,000 to 41,999	10,750
13,000 to 13,999	3,850	42,000 to 43,999	11,250
14,000 to 14,999	4,100	44,000 to 45,999	11,750
15,000 to 15,999	4,350	46,000 to 47,999	12,250
16,000 to 16,999	4,600	48,000 to 49,999	12,750
17,000 to 17,999	4,850	50,000 to 51,999	13,250
18,000 to 18,999	5,100	52,000 to 53,999	13,750
19,000 to 19,999	5,350	54,000 to 55,999	14,250
20,000 to 20,999	5,600	56,000 to 57,999	14,750
		58,000 to 59,999	15,250

For vehicles with a fair market value of more than \$59,999, the annual lease value equals: (0.25 X the fair market value of the automobile) + \$500.

Shop Overhead

Sales tax is due on any item a dealer purchases that is not purchased for resale or does not become a component part of a repair or car wash.

If sales tax is not paid at the time of purchase, a dealer is required to accrue use tax and report the tax on their next sales tax return paid to the Department. If the dealer is located in a surtax county, the applicable local discretionary sales surtax is also due. Most shops now make a special charge on their repair tickets to cover the cost of overhead items. However, these charges are normally made for a flat fee, or are calculated as a percentage of the repair bill. In both cases, the shop is not actually selling these overhead items, instead they're just recovering their cost. The charges for the shop overhead items are taxable if the repair of the vehicle is taxable. Some examples of taxable items include shop supplies (hammers, screwdrivers, sanders, sand paper, testing machinery, masking tape, shop towels, and other type items); office furniture, business cards, stationery, and computers.

Example:

A body shop paints and repairs a car:

ABC Auto Repair 123 Commerce Blvd. Jacksonville, Florida 32210		Invoice 101
Paint		\$700.00
Shop Supplies @ 10% (not itemized)		\$ 70.00
Total		\$770.00
Tax @ 6%		\$ 46.20
Total Cost to Customer		\$816.20

Tax is still due on the purchase of the supplies since they are not actually sold to the customer.

Section 10**Repossessions, Bad Debts, and Refunds**

When a dealer repossesses a motor vehicle under a retained title, conditional sale, or similar contract, and has paid sales tax on the full selling price of the motor vehicle, the dealer may take credit on a subsequent return or obtain a refund of that portion of the tax that is applicable to the unpaid balance of the contract.

The credit or refund must be claimed within 12 months following the month in which the vehicle was repossessed. The dealer who originally submitted the tax on his or her *Sales and Use Tax Return* (Form DR-15) may claim a Line 6 lawful deduction or request a refund on Form DR-26S, Application for Refund - Sales and Use Tax.

NOTE: If claiming a Line 6 lawful deduction, the dealer should keep Form DR-95B in his or her records. If requesting a refund, the dealer should attach a copy of Form DR-95B along with all supporting documentation to Form DR-26S, Application for Refund - Sales and Use Tax.

Schedule of Florida Sales or Use Tax Credits Claimed on Repossessed Motor Vehicles (Form DR-95B), should be completed and used to calculate credits for sales and use tax paid on repossessed motor vehicles.

Repossessions

The tax credit or refund is based on the sales price, excluding any finance charges or other nontaxable charges, and is calculated using the straight-line method of amortization. The collection allowance taken at the time the tax was originally paid to the state is deducted from the amount of the refund or credit due.

**Schedule of Florida Sales or Use Tax Credits Claim
on Repossessed Motor Vehicles (Form DR-95B)**

Customer's Name	Vehicle Make, Year, and ID Number	Date Tax Paid	Sales Tax Paid on Original Purchase Price	Purchase Price Less Trade-in	Purchase Price Less Trade-in Less Cash Down	Length of Contract in Months	Monthly Payment Prorated	Sales or Use Tax Rate	Number of Payments Unpaid	Tax Credit	Actual Date of Repossession
1	2	3	4	5	6	7	8	9	10	11	12

Example: Sales Price of Vehicle \$12,982
Less Trade In <2,000>
Dealer's Prep and Other 250
Amount Financed \$11,232
Finance Charges (36 months) \$ 2,988

4	5	6	7	8	9	10	11	12
\$673.92	\$11,232		36	\$312	6%	26	\$486.72	6/99

No. of payments remaining 26

Column 4 - Sales tax paid on the original purchase = \$673.92.

Column 5 - Purchase price less trade-in = \$11,232. This does not include non-taxable charges like interest, license fees, notary charges, etc.

Column 6 - Complete if there is a trade-in.

Column 7 - Contract length in months = 36.

Column 8 - Monthly payment prorated, divide Column 5 or 6 by Column 7 = \$11,232 ÷ 36 = \$312.

Column 9 - Sales tax rate at the time of purchase = 6%. Multiply Column 8 by C
\$312 x 6% = \$18.72.

Column 10 - Number of unpaid payments left on the contract = 26. Multiply Column 9 by Column 10, \$18.72 x 26 = Column 11 or \$486.72, tax credit.

Column 11 - Enter \$486.72.

Calculation of credit or refund:

Monthly principle payment
(\$12,982 - \$2,000 + 250) ÷ 36 = \$312.00

Tax applicable to remaining payments
(\$312X26) x 6% = \$486.72

Tax Credit/Refund
\$486.72 - \$12.17 (collection allowance) = \$474.55

Notes:

1. Although the monthly payments were \$395 per month for 36 months, the sales tax does not apply to finance charges.

2. Collection Allowance is 2.5% of the first \$1,200 of tax.

The subsequent sale of a repossessed motor vehicle is subject to tax on the total sales price.

Bad Debts

A dealer, who reported and paid the sales tax, may take a credit or obtain a refund for any tax paid by him on the unpaid balance due on accounts determined to be uncollectible.

Credits are taken on a subsequent *Sales and Use Tax Return* (Form DR-15).

The credit or refund must be claimed within 12 months following the end of the tax year in which the account is determined worthless.

A bad debt deduction may be claimed only with respect to the unpaid amount on which tax has been paid.

If a dealer recovers any part of an amount previously claimed as a bad debt, the amount collected must be included in the first *Sales and Use Tax Return* (Form DR-15) filed after the collection occurred.

Refunds and Credits

The Department of Revenue will allow a refund of sales tax on a returned motor vehicle provided:

- The purchaser is refunded the full amount of the purchase price plus sales tax.
- The motor vehicle was purchased from a motor vehicle dealer.
- The return of the motor vehicle and the amount refunded occurred within the statute of limitations as provided by s. 215.26, F.S.
- The return of the motor vehicle is not in conjunction with the purchase of another vehicle.

If taxes were overpaid or not due, the purchaser must obtain a refund from the selling dealer and not from the Florida Department of Revenue.

The dealer refunds the tax paid by the purchaser and the dealer is entitled to a refund of tax previously paid to the Department. Instead of applying for a refund, the dealer may take a credit on a subsequent tax return. The dealer may also apply for a refund (Form DR-26S) if the application is made in writing **within 3 years**. The application for refund must be filed with the Department **within 3 years** of the date the tax was paid.

Section 11

Solid Waste Fees

Waste Tire and Lead-Acid Battery

Any person who makes a retail sale in Florida of a new tire or a new or remanufactured "leadacid battery" for use in a motor vehicle must pay a solid waste fee.

\$1.00 for each **new** tire (the fee does not apply to recapped tires) and
\$1.50 for each **new or remanufactured** lead-acid battery.

The fee is due whether the tire or battery is sold at retail separately or as a component part of a motor vehicle.

Purchases for resale do not include the sale of a new tire or a lead-acid battery, provided the subsequent sale in this state is subject to the fee.

Fees Imposed on the Seller - Rules 12A-12.001 and 12A-12.0011, F.A.C.

For the **tire** solid waste fee, the selling dealer (retailer), not the purchaser, is required to pay the solid waste fee. The tire fee must be separately stated on the seller's invoice. The retail dealer owes the tire fee, even if the retail dealer chooses to sell to an entity who has a Florida *Consumer's Certificate of Exemption* (Form DR-14).

For the **battery** solid waste fee, the dealer may choose whether or not they separately state the fee on the seller's invoice and if the additional cost is going to be passed on to the purchaser. The retailer may increase the price of the battery on the invoice by the fee (\$1.50) to recoup the retailer's cost of the fee, but this increase in price is considered to be an increase in the price of the battery and not a payment of the fee by the purchaser.

In all circumstances, sales tax is computed on the price that includes tire and battery fees.

Example: A dealer purchases a used motor vehicle for resale. The dealer installs a new battery and replaces the tires with four new ones before reselling the vehicle. A new tire, for use as a spare, is also included in the sale.

The dealer must pay the battery fee and the tire fee on the five tires when the vehicle is sold in this state. The used motor vehicle dealer has the option to pay the tire fee to the wholesaler. Fees due on five new tires @ \$1 each = \$5, and one lead-acid battery @ \$1.50 = \$1.50. Total fees due on this sale equal \$6.50.

Example: A dealer buys five used cars at an automobile auction and gives an *Annual Resale Certificate* (Form DR-13) for both the sales tax and the fees. Four of the cars are later sold, but the fifth car is given to a member of the dealer's family as a gift.

Use tax is calculated on the purchase price of the car and paid by the dealer when the fifth car is taken out of inventory to be given as a gift. No fees will be due unless a new or remanufactured lead-acid battery or new tires are placed on the vehicle.

Example: A new car dealer imports new cars to be sold in this state. No sales tax or fees have been paid to the supplier. When the cars are sold, the dealer owes and must pay the tire and battery fees.

The sales tax collected from the customers must be calculated to include the fees paid by the dealer, as part of the sales price. The tire fee paid by the dealer would be stated on the customer's invoice. The dealer could elect whether to separately state the battery fee, which is paid by the dealer on the customer's invoice. In all cases, the seller pays each new tire fee and each new or remanufactured lead-acid battery fee. The taxable sales price of the vehicle includes the solid waste fees when it is sold to the customer.

Exempt Sales or Sales for Resale

Sales made solely for the purpose of resale are generally exempt, provided a sales tax *Annual Resale Certificate* (Form DR-13) is issued to the seller. However, the fees must be paid by the dealer and not the purchaser.

Example: A tire wholesaler sells new tires to a used car dealer. The tire wholesaler is not making a retail sale provided the tires are being purchased for resale in Florida and a valid *Annual Resale Certificate* (Form DR-13) is provided by the used car dealer.

When the used car dealer sells the vehicle on which the tires are a component part, the used car dealer owes and must pay the new tire fee. The tire fee must be separately stated on the customer's invoice. However, the fee is still imposed on the dealer and not the purchaser. If the tires are withdrawn from the dealer's inventory for any use, other than for resale, the dealer must pay the fee at the time the tires are taken out of the dealer's inventory.

Example: The used car dealer elects to pay the new tire fees to the tire wholesaler on the purchase of the tires in lieu of purchasing them fee exempt.

For the purpose of the fees, the wholesaler must treat the sale as a retail sale and must state the tire fees on the invoice. The used car dealer would indicate on the copy of the *Annual Resale Certificate* (Form DR-13) given to the wholesaler, that the *Annual Resale Certificate* is used to exempt sales tax only, and not the tire fee. When the used car dealer subsequently sells the tires, as a component part of a motor vehicle, the contract or invoice must state that appropriate tire fees have been paid. The tire fee does not need to be separately stated on the customer's invoice. However, the fee is still imposed on the dealer, not the purchaser.

Example: A motor vehicle dealer operates an automobile repair facility in addition to the dealer's retail/wholesale sales of motor vehicles. The dealer buys all new and remanufactured lead-acid batteries from a wholesaler, issuing a sales tax *Annual Resale Certificate* (Form DR-13).

When a new or remanufactured lead-acid battery is taken from the dealer's inventory to be used in the repair of an automobile, the dealer owes and pays the battery fee. The dealer may choose to increase the cost of the repair to include the battery fee or separately state the battery fee on the customer's invoice. However, the fee is still imposed on the dealer, not the purchaser.

Example: A new car is sold to a tax-exempt organization. The dealer accepts the purchaser's *Consumer's Certificate of Exemption* (Form DR-14). The tire and battery fees are imposed on the dealer and not the purchaser. The fees must be paid by the car dealer at the time purchased by the car dealer or, if the dealer has given a copy of the *Annual Resale Certificate* (Form DR-13) to the supplier, at the time the vehicle is sold to the tax-exempt organization.

Remittance of the Solid Waste Fees

Fees are usually paid on a monthly basis, on the *Solid Waste and Surcharge Return* (Form DR-15SW) due on or before the 20th day of the month following the month of sale or removal of the tire or battery from inventory for any other purpose.

Dealers whose fee liability is \$1,000 or less for the preceding four (4) quarters may request a quarterly reporting status by writing the Department. Additionally, a semi-annual reporting of the fees is allowed when the preceding four (4) quarters do not exceed \$500. There is no collection allowance for these fees.

Credits for Returns and Exchanges

When a sale of a battery or tire is cancelled or the tire or battery is returned to the dealer, a credit may be taken for fees already paid.

Example: When the sale is refunded in full, the dealer may take a credit for the fee on a subsequent return.

Example: The customer is given a new tire or new or remanufactured lead-acid battery in exchange for the one returned.

Since the new tire or battery is being returned for an exchange, the dealer cannot take a credit on the fee for the returned item. The dealer:

- Does not need to pay the fee again on the product provided in the exchange.
- Keeps the fee on the first invoice and notes (on the first invoice) that the original purchase was returned for an exchange.
- Documents the exchange on the second invoice along with noting the original invoice where the fee was paid.

Example: The purchaser is given a partial refund or is given a credit for partial payment on a new tire or new or remanufactured lead-acid battery. The dealer still owes the fee due on the sale of the new tire or new or remanufactured lead-acid battery and cannot take a credit for the fee previously paid.

Motor Vehicle Warranty Fee (Lemon Law)

Florida imposes a two dollar (\$2) fee on the sale or rental of each **new** motor vehicle in the state. This fee is used for the cost of arbitration on behalf of the purchaser against the manufacturer when a vehicle is deemed a "lemon."

Imposition of the Fee

Motor vehicle dealers and other persons in the business of selling or leasing motor vehicles must collect the motor vehicle warranty fee, also called the "**lemon law**" fee, from the purchaser or lessee as follows:

- At the time of sale or lease of a new motor vehicle (including recreational vehicles and demonstrator vehicles) for which a manufacturer's warranty is issued.
- At the time of sale or lease of a new vehicle for which the dealer is not authorized to issue a manufacturer's warranty. These vehicles will be titled as used vehicles. Sales or leases of other used vehicles are not subject to the fee.

Vehicles not subject to the fee include:

- Motorcycles and mopeds
- Off-road vehicles
- Trucks with a gross vehicle weight of over 10,000 pounds
- Sales or leases to city, county, or state agencies

Remittance of the Fee

The method of remittance depends on where the vehicle will be registered and titled.

- If the vehicle will be registered and titled in Florida, the selling dealer must remit the fee to the local county tax collector or private tag agency when the dealer applies for title.
- If the vehicle will be removed from Florida and will not be titled or registered in Florida, the dealer must pay the fee directly to the Florida Department of Revenue and also submit a *Motor Vehicle Warranty Fee Report* (Form DR-35). This form may be obtained by visiting **floridarevenue.com/forms**.

The fees and associated returns should be submitted at the same time the motor vehicle dealers send in their monthly sales and use tax returns and payments.

Taxable Sales or Lease Price

The two dollar (\$2) lemon law fee is collected from the purchaser or lessee and is **NOT** included in the price on which sales tax is computed.

This fee is **NOT** to be included when the dealer calculates his or her estimated tax or collection allowance in the computation of the electronic funds transfer.

Rental Car Surcharge - \$2 per Day or Any Part of a Day

Motor vehicle dealers who collect rental car surcharges located in two or more counties and who file a consolidated *Schedule of Rental Car Surcharge by County* (Form DR-15SWS) are required to report to the Department all surcharge collections according to the county to which the surcharge was attributed. The surcharge is considered attributed to the county where the rental agreement was entered into, which means the county where the lessee picks up the motor vehicle.

Motor vehicle dealers who file a consolidated *Solid Waste and Surcharge Return* (Form DR-15SW) are required to file a *Schedule of Rental Car Surcharge by County* (Form DR-15SWS) to record, by county, the number of days that motor vehicles were leased or rented that were subject to the rental car surcharge. Dealers who file electronically are also able to file the *Schedule of Rental Car Surcharge by County* (Form DR-15SWS) electronically.

Imposition of Surcharge

Note: The surcharge does NOT apply to the lease or rental of a truck, truck trailer, travel trailer, camping trailer, recreational vehicle with living facilities, van conversion, motorcycle, or moped.

The rental car surcharge of \$2.00 per day or any part of a day is imposed on the lease or rental of motor vehicles designed to accommodate less than nine passengers. The surcharge is included in the lease or rental price on which sales tax is computed and must be separately stated on the invoice. The surcharge applies to the first 30 days of each lease or renewed rental agreement, whether or not the vehicle is licensed in Florida.

Sport Utility Vehicles

When leasing or renting sport utility vehicles, the dealer must refer to the title issued by the Department of Highway Safety and Motor Vehicles to determine if the vehicle is considered a passenger vehicle or a truck.

Lease Periods Less than 12 Months

If a contract to lease or rent a motor vehicle is entered into in another state, the entire rental amount is exempt from Florida sales tax and the rental car surcharge. The exemption applies even if the vehicle is used or

dropped off in Florida and even if payment is made in Florida. If a contract to lease or rent a motor vehicle is entered into in Florida, the entire charge is subject to Florida sales tax and the applicable rental car surcharge. The sales tax and surcharge apply even if the vehicle is used or dropped off in another state and even if payment is made to another state.

Lease Periods for 12 Months or More

Tax is due when the vehicle is registered, licensed, or titled in Florida. No sales tax or rental car surcharge will be due if the taxpayer documents that the vehicle is being used outside of Florida and sales tax is being paid on the lease or rental payments to another state.

Exempt Sales or Self-Accrual of the Surcharge

The rental car surcharge does **NOT** apply when a vehicle is rented or leased directly to an organization, holding a Florida *Consumer's Certificate of Exemption* (Form DR-14), making them exempt from sales and use tax (example: church or governmental entity). To support the exempt sale, the dealer may obtain a copy of the purchaser's Florida *Consumer's Certificate of Exemption* (Form DR-14), by calling the Department of Revenue's telephone authorization system, or by visiting our online system to verify the exemption certificate.

By Telephone: The nationwide toll-free number is 877-357-3725. The selling dealer must key in the purchaser's sales tax certificate number using a touch-tone phone.

Internet: Visit floridarevenue.com/taxes/certificates for the online verification system. The selling dealer must first enter his or her own 13-digit sales tax certificate number. Once this is verified, the selling dealer may then enter up to five customers' sales tax certificate numbers.

Both the telephone and online systems will issue a 13-digit transaction resale authorization number or alert the selling dealer that the purchaser does not have a valid resale certificate. The transaction resale authorization number is valid for that purchase only, and is not valid for other resale purchases made by the same purchaser. (The selling dealer must get a new transaction resale authorization number for each resale transaction.) The sales invoice, purchase order, or other evidence of the sale, must contain the transaction resale authorization number and this statement, signed by the purchaser: "The purchaser hereby certifies that the property or services being purchased or rented are for resale."

A *Direct Pay Permit* (Form DR-16P) from the Department relieves the lessor from collecting and paying sales tax on purchases or leases of tangible personal property and the car rental surcharge from anyone who has obtained the self-accrual permit (Form DR-16P). The holder of the Direct Pay Permit must provide a copy of the Direct Pay Permit to the lessor of the vehicle.

Registration

Each motor vehicle dealer and each person engaged in the business of leasing or renting "licensed-for-hire passenger" motor vehicles designed to carry **fewer** than nine (9) passengers, are required to be registered to collect and pay the \$2 per-day surcharge.

When registering as a sales tax dealer, the applying dealer must indicate on the *Florida Business Tax Application* (Form DR-1) the rental of motor vehicles. This will allow the dealer to receive the *Solid Waste and Surcharge Return* (Form DR-15SW), meeting the requirement for the purpose of the surcharge.

Remittance of the Surcharge

The amount of the surcharge is due and payable when the lease or rental payments are to be made by the lessee or renter. The surcharge must be separately stated on any invoice, charge ticket, or other evidence of rental.

The dealer is **NOT** allowed to pay the surcharge for the customer. The surcharge is remitted to the Department on the *Solid Waste and Surcharge Return* (Form DR-15SW) and is due either monthly, quarterly, or in the same manner as the sales and use tax return.

There is **NO** dealer's collection allowance applicable to the rental car surcharge. The surcharge is subject to sales and use tax and any discretionary sales surtax. It is **NOT** included in computing estimated sales and use taxes.

Guaranteed Automobile Protection (GAP) Insurance

Optional Insurance is **NOT** taxable as long as the insurance is not required and is separately stated on the invoice. Vendors Single Interest Insurance and Guaranteed Automobile Protection (GAP) insurance is strictly optional and at the discretion of the purchaser and is **NOT** part of the sales price.

Some rental car companies add an additional five cents to the rental car surcharge. The additional five cent charge is being passed on to the consumer for airport concession charges by the rental companies and is not collected by the Department of Revenue.

Credit Card Discount Points

When points earned on a credit card (e.g., General Motors or Ford credit card) are redeemed for a discount on a new vehicle purchase, the discount does not reduce the amount on which tax is collected.

Section 12

Intangible Tax

Vehicle Financing

A nonrecurring intangible tax must be paid 30 days after the date of the financing if a dealer provides motor vehicle financing, which is secured by a mortgage on real property, in the State of Florida.

A mortgage document is completed by the borrower and lender describing the real property given as collateral to secure the loan. The nonrecurring intangible tax is to be paid at the time the document is recorded in the county where the real property is located along with the documentary stamp tax.

Example: A vehicle is financed for 36 months. Total selling price is \$10,000. A down payment of \$2,000 is made and \$8,000 is financed and secured by a lien on real property located in Florida. The nonrecurring intangible tax on this loan is due at the time the loan is made and must be paid 30 days after the making of the loan. The amount of tax is \$16 (\$2 per thousand).

Section 13

Documentary Stamp Tax

Documentary Stamp Tax

Documentary stamp tax is levied on promissory notes and written obligations to pay money, which are executed or delivered in Florida.

Documents subject to tax include but are not limited to:

- Promissory notes
- Retain title contracts
- Master notes made in connection with a line of credit

These documents are subject to documentary stamp tax when used by a dealer to purchase motor vehicles or when used by a customer purchasing a motor vehicle from a dealer.

Tax is due when the contract is signed by the purchaser. The tax rate is 35 cents per \$100, or fraction of \$100, based on the amount financed. Please note that this tax is due on pickup payments.

Example: A customer purchases a motor vehicle for \$15,000 and has a down payment of \$2,000 and a trade-in of \$1,050. The purchaser finances \$11,950. Tax is due on the \$11,950 at the rate of 35 cents per \$100, or fraction of \$100, for a total of \$42.

Less Than Five (5) Transactions

Any dealer with less than 5 taxable transactions per month is not required to register with the Department, but is required to report and pay the documentary stamp tax due directly to the Department. The dealer is required to use the *Documentary Stamp Tax Return for Nonregistered Taxpayers' Unrecorded Documents* (Form DR-228) to file the tax due. The tax return must be filed in the month following the date of the transaction. A copy of the tax return must be kept with the taxable documents. The canceled check serves as the receipt of payment.

Five (5) or More Transactions

Any dealer with 5 or more taxable transactions per month is required to register the location where the documents and records are kept, with the Department of Revenue. The form used for registration is the *Florida Business Tax Application* (Form DR-1). The tax is to be reported on the *Documentary Stamp Tax Return for Registered Taxpayers' Unrecorded Documents* (Form DR-225).

The tax return must be filed by the 20th day of the month following the month of the transaction. A copy of the tax return must be kept with the taxable documents.

Delinquency Penalty

Failure to timely file the return and pay any taxes due will result in a delinquency penalty. The delinquency penalty is 10% of the tax due for each month, or fraction of a month, not to exceed 50%, for each month the return is late. The penalty for failing to file a timely return shall be a minimum of \$10.

Interest

A floating rate of interest applies to underpayments and late payments of tax. The rate is updated January 1 and July 1 of each year by using the formula established in s. 213.235, F.S. To obtain interest rates, visit the Department's website at floridarevenue.com/taxes/rates.

Section 14

Corporate Income Tax

Some motor vehicle dealers may need to file a Florida Form F-1120, the Florida corporate income tax return. Returns are required by any taxpayer liable for tax or required to file a federal corporate tax return, whether or not tax is due. S corporations are not required to file a Florida corporate income tax return if they do not have federal taxable income. Generally, the returns are due on or before the first day of the fourth month after the taxable year-end. Taxpayers may request a 6-month extension to file the return.

The tax base for corporate income tax is the federal taxable income, which is modified by certain additions, and subtractions to arrive at the Florida adjusted federal income. If the dealer is doing business solely within Florida, 100% of the adjusted federal taxable income is subject to the tax. Taxpayers doing business within and without the state apportion the adjusted federal income by the three-factor formula. Effective for tax years on or after January 1, 2012, each taxpayer or taxpayer group is allowed up to a \$25,000 exemption from Florida net income per taxable year. The tax rate is 5.5%.

Section 15

Reemployment Tax

Reemployment Tax

The Reemployment Assistance Program provides partial temporary income to workers who lose their jobs through no fault of their own, and are able and available for work. Employers pay Florida reemployment tax as a cost of doing business. Workers do not pay any portion of this tax and employers may not make payroll deductions for it. Employers file reports and pay tax quarterly.

Generally, you will be required to report wages and pay reemployment tax if you:

- Paid \$1,500 or more in wages within a calendar quarter.
- Have one or more employees for any portion of a day in 20 different weeks in a calendar year.
- Are liable for federal reemployment tax.

The Department's website provides additional information on Reemployment tax at floridarevenue.com/forms in the Reemployment section.

Definitions Used in Reemployment Tax

The following definitions will aid you in understanding who should be considered employees.

Employment - Any service performed by an employee for the person employing that individual.

Employee - A person who is subject to the will and control of the employer not only as to what shall be done, but how it shall be done.

Casual Labor - Work performed that is not in the course of the employer's regular trade or business and which is occasional, incidental, or irregular. Casual labor should not be confused with temporary or part-time employment. A corporation cannot have casual labor, as covered in the Internal Revenue Code of Regulations.

Independent Contractor - One who is not subject to the will and control of the employer. The employer does not control or direct the manner or method of job performance. The general public knows the independent contractor as such.

Officers of a Corporation - Any officer of a corporation performing services for the corporation is an employee of the corporation during tenure of office, regardless of whether compensation for such services is received. Compensation, other than dividends on shares of stock and board of director fees, shall be presumed to be payment for services performed.

Limited Liability Company (LLC) - A person who is a member of an LLC that is classified as a corporation for federal income tax purposes and who performs services for the LLC is deemed an employee. A limited liability company shall be treated as having the same status as it is classified for federal income tax purposes. (Single Member = Sole Proprietor, Multi Member = Partnership, Corporation = Corporation, and we will determine their liability accordingly.)

S Corporation - Salaries paid to corporate officers are considered wages. All or part of the distribution of income paid to corporate officers who are active in the business and are performing services for the business can be considered wages.

Employee Leasing Company - An employee leasing company is an employing unit that maintains a valid and active license under Chapter 468, Florida Statutes.

Salesperson - Any individual paid solely by commission under your direction and control is an employee. The law provides specific exemption only for insurance agents, real estate agents, and barbers who are paid solely by commission. If they are paid by salary only or salary and commission, both are taxable and the exemption does not apply. There is no federal unemployment tax exemption for barbers paid solely by commission.

Wages

Wages are all payments for services in employment, including commissions, bonuses, back pay awards, and the cash value of all payments in any medium other than cash. The cash value of meals and lodging will be exempt if it is included as a condition of employment for the convenience of the employer.

Sick and accident disability payments paid by an employing unit to an employee in the six calendar months after the calendar month the employee stopped working are wages. Payments made under a workers' compensation law are not wages. Tips are covered wages if received while performing services that constitute employment and are included in a written statement furnished by the employee to the employer.

Reporting Wages

During the last week of each quarter, a preprinted *Employer's Quarterly Report* (Form RT-6) is mailed to each liable employer, except those obligated or voluntarily filing electronically or annually.

Failure to receive the form does not relieve the employer of the responsibility to file. The tax report must include total wages paid to covered workers, excess wages, taxable wages, and tax due. The wage report must include each employee's name, social security number, and total wages paid during the period. If an employer is operating two business units and the secondary unit(s) has a cumulative total of at least ten employees, a *Multiple Worksite Report* (Form BLS 3020) must be submitted.

Important to Report Timely

Employers have one month after the end of each quarter to file reports and pay tax. To avoid penalty and interest, you must report and pay your tax on time. Unpaid tax may also affect your future tax rate. Reports and payments sent by mail are considered filed and paid as of the postmark date.

Late Filing Penalty

Late filing penalty is charged at the rate of \$25 per month or fraction of a month that a report is delinquent. Interest charges are added beginning with the second delinquent month, and are charged at 1% per month on the unpaid tax from the original due date until the tax is paid.

Electronic Filing and Payment

Employers are required to **file** Form RT-6 and **pay** the tax electronically if they employed ten or more employees in any quarter during the preceding state fiscal year (July 1 - June 30).

In addition, any person who prepared and filed reemployment tax reports for 100 or more employers in any quarter during the preceding state fiscal year (July 1 - June 30) must also file current year reemployment tax reports by electronic means.

The penalty for failure to file a report by electronic means is \$50 plus \$1 per employee. The penalty for failure to pay the tax electronically is \$50 for each remittance. You can obtain a waiver from electronic filing if you have a valid business reason. There is no waiver from electronic payment.

Tax Rate

The tax rate for new employers is 2.7% (.027). The first \$7,000 in wages paid to each employee during a calendar year is taxable. Any amount over the \$7,000 is considered excess wages and is not subject to tax. Excess wages can never be greater than gross wages.

When a business is transferred, the successor may count wages paid to an employee by the predecessor when determining the taxable wage figure. The wages of employees who work in another state and are transferred to Florida are counted when calculating taxable wages reportable to Florida.

Tax Rate Calculation

When a new employer becomes liable for the payment of tax, the tax rate is 2.7% (.027) and will not change until the employer has reported enough quarterly data to establish an earned tax rate. The account will then be rated by dividing the total benefits charged to the account by the taxable payroll reported for the specific period immediately preceding the quarter for which the rate is effective.

The one exception would be those employers liable by succession and who choose to accept the tax rate of the predecessor with the accompanying responsibility of paying any outstanding indebtedness due. At that time, a tax rate will be calculated based on the employment record and the rating factors, which are built into the Reemployment Compensation Law. The maximum tax rate allowed by law is 5.4% (.054), except for employers participating in the Short Time Compensation Program. Prior to the applicable year, rate notices are mailed to all employers that have a tax rate. An appeal of the tax rate must be made within 20 days from the date of notification (date printed on the rate notice).

Claims for Benefits

Unemployed workers who are covered under the Florida Reemployment Compensation Law may receive benefits if they are eligible and fully qualified. Prompt and accurate information from employers is essential to the establishment of a claimant's right to benefits. It is your responsibility to furnish information timely when requested. This is to your advantage because it helps protect your tax rate. Information should be complete, accurate, and factual.

Section 16

Miscellaneous Issues

Reports of Large Currency Transactions

The Florida Department of Revenue is required to provide data received on reports of large currency transactions to the Florida Department of Law Enforcement.

Florida law requires an individual, corporation, partnership, trust, estate, association, or company engaged in trade or business, except for those financial institutions that report to the State Comptroller, that receives more than \$10,000 in currency, including foreign currency, in one transaction, or in two or more related transactions, to complete and file with the Florida Department of Revenue the same information required under Title 26, United States Code, s. 60501 on Federal Form 8300. A transaction includes the purchase of property or services, the payment of debt, the exchange of negotiable instruments for cash, and the receipt of cash to be held in escrow or trust. A single transaction may not be broken into multiple transactions to avoid reporting. For more information, see s. 896.102, F.S. and Rule 12-19.005, F.A.C.

How to Report

A completed copy of the Federal Form 8300 will satisfy the state reporting requirements. In lieu of filing Form 8300, a self-designed report may be used provided the report contains substantially the same information as required on the Form 8300. Federal Form 8300 may be obtained from the Internal Revenue Service (IRS) Internet address, www.irs.ustreas.gov, or by calling the IRS forms line, 800-TAX-FORMS or 800-829-3676.

When to File

Large currency transaction reports must be filed with the Florida Department of Revenue no later than 15 days after the date the transaction is required to be reported to the IRS. Generally, Federal Form 8300 must be filed with the IRS within 15 days after receiving a payment(s) exceeding the \$10,000 threshold.

Where to File

The reports may be filed with the Florida Department of Revenue by:
Attaching an electronic copy of federal form 8300 to an email and submitting the email to the Department at form8300@floridarevenue.com.

Or

Mailing a copy of federal form 8300 to:
Criminal Investigations Process Owner
Florida Department of Revenue
5050 W Tennessee Street
Tallahassee, Florida 32399-0100

Penalties

Any person who willfully fails to comply with these reporting requirements is guilty of a misdemeanor of the first-degree, punishable as provided in s.775.082, F.S., or by a maximum fine of \$250,000, or by both imprisonment and fine. Second and subsequent convictions carry greater fines. A copy of each large currency transaction report must be retained for five years from the date of filing.

The Department of Revenue audits taxpayers to ensure that Florida tax laws are being uniformly enforced, deter tax evasion, promote voluntary compliance, and educate taxpayers. While most tax returns are accepted as filed, returns are audited to verify accuracy and evaluate compliance.

A tax audit should be an educational experience that provides an understanding of your responsibilities and rights under Florida tax laws. Although an audit is an enforcement tool to ensure tax compliance, it can also help businesses identify and correct bookkeeping problems that could cause additional tax liabilities. The Department of Revenue wants to help taxpayers avoid penalties and interest that can result when taxes are not paid correctly or on time.

Sales Issues

During the course of a sales and use tax audit, auditors will:

- Verify gross sales by checking general ledgers, sales journals, federal income tax returns, bank records, and source documents.
- Determine all sales activity of the dealership, which typically includes new and/or used car sales, car rentals, repair shop, parts department, body shop, vending machine sales, and commercial rentals.
- Review all sales transactions to be sure the taxable base (net selling price) is calculated correctly, considering trade-ins, dealer prep fees, etc., included in the deal. Consideration is also given to the local option taxes, with the \$5,000 cap applied to the individual transactions.
- Determine if financing is done by the dealership, and check for documentary stamp tax issues. Verify where receivables are held by the dealership on financed vehicles. Also verify that the amount of documentary stamp tax purchased is in agreement with the volume of financed sales.
- Verify documentation of exempt sales activities to verify accuracy of exempt sales status. Determine that exempt sales affidavits exist for all vehicles delivered out of state, or sold to exempt entities. Make sure all exempt sales are properly documented, including exemption certificates and exemption permits.

Purchase Issues

Consumable supplies used in repair and body shops are usually a problem. In many cases these consumable supplies have been purchased tax-exempt and no use tax has been reported. These items are consumed, rather than being resold, and are subject to use tax.

Fixed asset purchases are looked at in detail to make sure the proper tax was paid at the time of purchase. General ledgers and federal tax returns are usually reviewed to determine the extent of these types of purchases. Problems usually occur from purchases that were shipped in from out-of-state untaxed, or exempted mistakenly for resale purposes, at the time they were purchased. Purchase invoices are reviewed to determine proof of tax paid.

Depending on the volume of transactions, expense purchases are usually sampled to determine the amount of additional tax liability. Operating expenses involving consumable tangible personal property are looked at to determine if they were properly taxed at the time of purchase, or, if use tax was properly accrued when consumed in the operation of the dealership. Invoices for all purchases will be reviewed to determine proof of tax paid. The volume of expense purchases will determine whether the auditor uses a “sampling” audit technique or all purchase invoices are reviewed in detail.

The Department’s website provides several brochures in the Audit Section at floridarevenue.com/forms.

Commercial Rental Issues

Commercial rental tax liabilities are common at automobile dealerships. There are issues involving:

- Taxable income from land subleased by the business.
- Land leased from the dealership owner to the dealership untaxed.
- Additional consideration for right-to-occupy the premises, such as real property taxes paid on behalf of the land owner.
- Any payments made on behalf of the land owner for the benefit of the land owner.

General ledgers, federal tax returns, and lease agreements are reviewed in detail to determine the taxable commercial realty rental transactions involving the dealership, both as a tenant and/or landlord.

The Department's website provides a brochure titled *Sales and Use Tax on the Rental, Lease, or License to Use Commercial Real Property*. The brochure covers what is taxable, the tax rate for commercial rentals and other helpful information to assist you. Visit floridarevenue.com/forms and go to the Sales and Use Tax Section.

Criminal Investigations

The Department of Revenue investigates taxpayers to ensure that Florida tax laws are being uniformly enforced, deter tax evasion, and promote voluntary compliance.

The Florida Department of Revenue has referred hundreds of automotive industry related cases for prosecution. Each case involved one or more defendants and collectively represented tens of millions of dollars in stolen tax, penalties, and interest. In addition to criminal charges, individual assessments were asserted against criminally responsible parties. Historical judicial dispositions include, but have not been limited to, incarceration, community control, house arrest, probation, pre-trial intervention, and court ordered restitution.

Some examples of sources used to identify potential investigations:

- Internal referrals from Department of Revenue processes such as Audit and Collections
- External referrals from other local, state, and federal agencies
- Complaints received from anonymous and confidential sources
- Complaints received from the general public
- Information received from other local, state, and federal agencies
- Internal Department of Revenue information



Certificate of Registration

DR-11N
R. 01/18

Issued Pursuant to Chapter 212, Florida Statutes

Certificate Number	Registration Effective Date	Opening Date	Filing Status

This certifies that

Sample

has registered for sales and use tax for the business location stated above as required by Florida law. This certificate is non-transferable.

DISPLAY THIS CERTIFICATE IN A CLEARLY VISIBLE PLACE AT YOUR LOCATION



Information About Your Florida Sales and Use Tax Account

DR-11N
R. 01/18

Certificate of Registration

This *Certificate of Registration* contains your certificate number for this location and your business partner number (printed on the back). The account for this business location is **INACTIVE**.

Sales taxes due for this account (includes any local option sales surtax and any local option transient rental tax collected by the Department) will be reported:

- by your property management company, agent, or representative (applies to transient rental accommodations); or
- under a county control reporting number issued to you for the county where this property is located.

This Certificate **does not** entitle you to purchase or rent property or services tax exempt for resale. You **will not** receive a *Florida Annual Resale Certificate for Sales Tax* for this account.

If you contact the Department about your tax account, your business partner number and certificate number will help locate your account. **Be sure to include your business partner number and your certificate number** in any written correspondence sent to the Department.

Business Changes

Notify the Department immediately if you change your:

- business name;
- mailing address;
- location address within the same county; or
- close or sell your business.

You can also notify the Department when you temporarily suspend or resume your business operations. The quickest way to notify the Department is by visiting:

floridarevenue.com/taxes/updateaccount

Submit a new registration (online or paper) when you:

- move your business location from one Florida county to another;
- add another location;
- purchase or acquire an existing business; or
- change the form of ownership of your business.

If you cancel your account or sell your business, **you must file a final return and pay all applicable taxes due within 15 days** after closing or selling the business. Your final return must cover the period from your most recent return filing to the closing date.

Business Partner Number

Use this number when contacting the Department.

Sample

Information, forms, and tutorials are available on the Department's website:
floridarevenue.com

To speak with a Department representative, call Taxpayer Services at 850-488-6800, Monday through Friday, excluding holidays.

To find a **taxpayer service center** near you, visit: **floridarevenue.com/taxes/servicecenters**

For written replies to tax questions, write to:

Taxpayer Services - MS 3-2000
Florida Department of Revenue
5050 W Tennessee St
Tallahassee FL 32399-0112

Subscribe to Receive Updates by Email from the Department. Subscribe to receive an email for due date reminders, Tax Information Publications (TIPs), or proposed rules. Subscribe today at:
floridarevenue.com/dor/subscribe



Consumer's Certificate of Exemption

DR-14
R. 01/18

Issued Pursuant to Chapter 212, Florida Statutes

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Certificate Number

Effective Date

Expiration Date

Exemption Category

This certifies that

Sample

is exempt from the payment of Florida sales and use tax on real property rented, transient rental property rented, tangible personal property purchased or rented, or services purchased.



Important Information for Exempt Organizations

DR-14
R. 01/18

1. You must provide all vendors and suppliers with an exemption certificate before making tax-exempt purchases. See Rule 12A-1.038, Florida Administrative Code (F.A.C.).
2. Your *Consumer's Certificate of Exemption* is to be used solely by your organization for your organization's customary nonprofit activities.
3. Purchases made by an individual on behalf of the organization are taxable, even if the individual will be reimbursed by the organization.
4. This exemption applies only to purchases your organization makes. The sale or lease to others of tangible personal property, sleeping accommodations, or other real property is taxable. Your organization must register, and collect and remit sales and use tax on such taxable transactions. Note: Churches are exempt from this requirement except when they are the lessor of real property (Rule 12A-1.070, F.A.C.).
5. It is a criminal offense to fraudulently present this certificate to evade the payment of sales tax. Under no circumstances should this certificate be used for the personal benefit of any individual. Violators will be liable for payment of the sales tax plus a penalty of 200% of the tax, and may be subject to conviction of a third-degree felony. Any violation will require the revocation of this certificate.
6. If you have questions about your exemption certificate, please call Taxpayer Services at 850-488-6800. The mailing address is PO Box 6480, Tallahassee, FL 32314-6480.