



Sales and Use Tax on Motor Vehicles

What every dealer should know about selling or leasing motor vehicles.

Definitions

Motor vehicle – An automobile, motorcycle, truck, trailer, semi-trailer, truck tractor and semi-trailer combination, or any other vehicle driven on the roads of Florida that is used to transport persons or property and propelled by power other than muscle power. This includes recreational vehicles, such as motor homes and travel trailers.

Taxable sales price – The full sales price before any deductions are made for federal taxes, freight, handling, delivery, commission, advertising, future free service, or any other expense or cost. Costs for titling, licensing, and registration are not subject to tax if separately stated.

A trade-in that the dealer intends to resell lowers the sales price if the sale and trade occur in one transaction. A dealer's discount reduces the selling price of the vehicle at the moment of sale.

Manufacturer rebates are not considered a reduction in the sales price. Tax must be calculated on the taxable sales price before the rebate.

What is Taxable?

Six (6) percent sales tax must be paid on all new or used motor vehicles sold, leased, and/or delivered in Florida, unless exempted by law, or qualify for the partial exemption for a resident of another state (see Partially Exempt below). The purchase of a motor vehicle in Florida by a resident of another country is taxable at six percent.

Most counties also have a local discretionary sales surtax, which applies to the first \$5,000 of the total sales price or each lease payment. Discretionary sales surtax is due on the purchase or lease of a motor vehicle when the home address of the buyer (as shown on the registration) is in a Florida county that has a surtax. For more information, you can get a *Discretionary Sales Surtax* brochure and a list of surtax counties and rates (Form DR-15DSS) from our Internet site at www.myflorida.com/dor.

What is Exempt?

Here are examples of motor vehicle sales that are **exempt** from sales and use tax:

- The seller delivers the vehicle outside of Florida.
- A Florida registered motor vehicle dealer buys the vehicle for resale or lease and provides the seller with a signed copy of their current *Annual Resale Certificate*.
- A Florida registered export/import company buys a vehicle for resale and will immediately export it outside of Florida (documentation required).
- A nonresident dealer who does not have a Florida sales tax number buys a vehicle for resale or lease and extends a completed resale form to the selling dealer.
- A nonprofit organization buys a vehicle and presents a current *Florida Consumer's Certificate of Exemption* (DR-14) to the seller.

Here are examples of motor vehicle sales that are **partially exempt** from sales and use tax:

- If a Florida dealer sells a motor vehicle to a resident of another state that imposes a sales tax of less than six percent and the buyer takes possession of the vehicle in Florida, the buyer's home state tax rate may be applied to the sale. Other restrictions may apply.
 - ✓ In order to be eligible for the lower tax rate, the buyer must give the dealer a completed, notarized *Affidavit for Partial Exemption of Motor Vehicle Sold for Licensing in Another State* (DR-123). The dealer must keep the affidavit for 3 years.

Example #1: Residents of North Carolina sign the affidavit and pay no sales tax because their state has no sales tax on motor vehicles.

Example #2: Residents of Alabama sign the affidavit and pay 2 percent sales tax because Alabama has a 2 percent sales tax rate on motor vehicles.
 - ✓ All tax collected must be paid to the Florida Department of Revenue. The tax must never be sent to the buyer's home state. To find out more, read the Department's Tax Information Publication (TIP) titled *Motor Vehicle Tax Rates by State*. A new TIP with current rates is issued every year.
 - ✓ If a vehicle is bought by a nonresident corporation or partnership, tax is due if any officer of the corporation, or any stockholder or partner who owns at least 10 percent of the corporation or partnership, is a Florida resident. However, if the vehicle is removed from Florida within 45 days after purchase and remains out of the state for a minimum of 180 days, the purchasing entity may qualify to pay its home state tax rate, despite the residency of its owners, stockholders, or partners.
- The portion of the invoice that the Veterans Administration pays directly to the dealer on behalf of the veteran.

All exemptions must be properly documented. For more information, contact Taxpayer Services.

Who Must Register to Collect Tax?

If you regularly sell or lease motor vehicles to someone else, you must register as a dealer and collect sales and use tax. Registration with the Department will be required if you sell more than two (2) motor vehicles in a 12-month period. Sellers of motor vehicles are also required to be licensed by the Florida Department of Highway Safety and Motor Vehicles.

If you lease motor vehicles from someone else for the purpose of leasing to a third party, you must register as a dealer and collect sales and use tax. You must give a signed copy of your current *Annual Resale Certificate* in order to lease vehicles tax-exempt.

If you own an out-of-state motor vehicle leasing company and lease any vehicles to persons in Florida, you must register as a dealer and collect sales and use tax and the applicable discretionary sales surtax.

Any out-of-state motor vehicle leasing company that wants to register a leased vehicle in Florida in order to get a Florida tag, must register as a dealer and collect sales tax on the lease payments. The company must give proof of sales and use tax registration to the tag agency to exempt tax on the acquisition value. If the out-of-state leasing company is not registered with

Florida for sales and use tax purposes, tax will be due based on the value of the leased vehicle when it is registered (tagged) in Florida.

How to Register

You can register to collect and/or report tax through our Internet site. The site will guide you through an application interview that will help you determine your tax obligations. If you do not have Internet access, you can complete a paper *Application to Collect and/or Report Tax in Florida* (Form DR-1).

After we approve your registration application, you will receive a *Certificate of Registration* (DR-11), an *Annual Resale Certificate* (DR-13), and your tax return forms. The *Annual Resale Certificate* may be used to buy goods tax-exempt that will be resold in your regular business operations. If the goods bought for resale are later used (not resold), you must report and pay use tax on those items, plus any applicable discretionary sales surtax, penalties, and interest. There are penalties for intentional misuse of a resale certificate.

Special Notes

Motor vehicle dealers that have a **vehicle repair facility** at the dealership may buy repair parts tax-exempt by giving suppliers a signed copy of their current *Annual Resale Certificate*. When parts are removed from the dealer's inventory to repair a customer's vehicle, the entire charge for the repair (including parts and labor) is subject to tax.

Motor vehicle sales or leases may be subject to the lead-acid battery fee, new tire fee, and rental car surcharge. For more information, read our *Solid Waste and Motor Vehicle Fees* brochure.

No sales or use tax is due on a vehicle that is loaned at no charge by a dealer under any of these conditions:

- 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 vehicle is loaned for demonstration purposes, the dealer has a dealer's license plate for the vehicle, and has paid the \$27 use tax on the plate.

Other loans of a motor vehicle at no charge by the dealer are subject to use tax and surtax based on the annual lease value as determined by the Internal Revenue Service's *Automobile Annual Lease Value Table*.

When is Tax Due?

Returns and payments are due on the 1st and late after the 20th day of the month after the date of sale. For example, if a sale takes place on the 1st of one month, then sales tax is not due until the 1st of the next month.

Penalty and Interest

A taxpayer who files a late return or is late in paying the tax due will owe a late **penalty** of 10 percent of the amount of tax due, but no less than \$50. The \$50 minimum penalty applies even if no tax is due. Penalty will also be assessed if the return or payment is submitted on time but is incomplete.

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 in section 213.235, Florida Statutes. Current and prior period interest rates are posted on our web site.

Reference Material

Tax Laws - Our online Tax Law Library contains statutes, rules, legislative changes, opinions, court cases, and publications. Search the law library for Rules 12A-1.007, Florida Administrative Code, *Aircraft, Boats, Mobile Homes, and Motor Vehicles*; 12A-1.105, F.A.C., Service Warranties; and 12A-15, F.A.C., *Discretionary Sales Surtax*.

Brochures - Download these brochures from our "Forms and Publications" page:

- Solid Waste and Motor Vehicle Fees
- Discretionary Sales Surtax
- Repair of Tangible Personal Property
- Recreational Vehicles

Online Tutorial - Visit the Taxpayer Education section of our Internet site to view a sales and use tax tutorial for motor vehicle dealers.

For Information and Forms

Information and forms are available on our Internet site at: www.myflorida.com/dor

To speak with a Department of Revenue representative, call Taxpayer Services, Monday through Friday, 8 a.m. to 7 p.m., ET, at 800-352-3671.

Persons with hearing or speech impairments may call our TDD at 800-367-8331 or 850-922-1115.

For a written reply to tax questions, write:

Taxpayer Services
Florida Department of Revenue
5050 W Tennessee St Bldg L
Tallahassee FL 32399-0112

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Sign up to get e-mail notices automatically when we post:

- Tax Information Publications (TIPs).
- *Facts on Tax*, a quarterly publication.
- Proposed rules, notices of rule development workshops, and more.

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