



2023-24 Florida ENERGY STAR® Appliances Sales Tax Holiday: Frequently Asked Questions for Sales and Use Tax Dealers

TAX COLLECTION RESPONSIBILITIES

1. Am I responsible for correctly exempting qualifying items during the ENERGY STAR Appliances Sales Tax Holiday?

Yes, you are responsible for correctly exempting qualifying items during the ENERGY STAR Appliances Sales Tax Holiday. If you have a question about a specific item that is not listed in Tax Information Publication (TIP) No. [23A01-04](#), contact the Florida Department of Revenue at (850) 488-6800.

2. What items will be exempt from sales tax during the Florida ENERGY STAR Appliances Sales Tax Holiday?

ENERGY STAR appliances for noncommercial use, including certain refrigerator/freezer units, water heaters, washing machines, and dryers.

- Washing machines with a sales price of \$1,500 or less
- Clothes dryers with a sales price of \$1,500 or less
- Water heaters with a sales price of \$1,500 or less
- Refrigerators or combination refrigerator/freezers with a sales price of \$4,500 or less

3. What should I do if I mistakenly collect tax on an item that should be exempt from tax during the sales tax holiday period?

Sales tax becomes state funds at the moment of collection. You should refund the tax to your customer(s). If the tax cannot be refunded, you must report and pay the tax to the Department.

4. Do I collect the local discretionary tax on the items that are exempt from sales tax during the holiday period?

No. When an item is exempt from sales tax, it is also exempt from discretionary sales surtax. During the holiday period, you will not collect the state sales tax or local option discretionary sales surtax on sales of eligible items.

5. What if a customer comes back after the sales tax holiday period for a refund of the tax they inadvertently paid, but I have already remitted the tax to the Department of Revenue?

You should refund the tax to your customer. You may take a credit on your next sales and use tax return for the tax refunded to the customer.

6. Are appliances without an ENERGY STAR label included in this sales tax holiday?

Appliances without an affixed ENERGY STAR label are not eligible for the sales tax exemption. The federal government, through the U.S. Environmental Protection Agency and the U.S. Department of Energy, certifies several energy-efficient products under its Energy Star program. An “ENERGY STAR appliance” has been recognized as meeting or exceeding each agency’s requirements under the Energy Star program and is affixed with an ENERGY STAR label.

7. What types of sales are excluded from this sales tax holiday?

This sales tax holiday does not apply to the rental of any of the qualifying items. It also does not apply when a new ENERGY STAR appliance is purchased for trade, business, or resale.

RECORDS AND REPORTING

8. Do I need to account for exempt sales during this sales tax holiday period differently from other tax-exempt sales?

No, there are no additional record-keeping requirements.

REFUNDS/EXCHANGES

9. A customer returns an item that was purchased before the sales tax holiday period and exchanges it for another item during the tax holiday. The new item is exempt from tax during the tax holiday period. Do I give the customer a tax refund?

Yes. You must have documentation (e.g., receipts or invoices) showing that tax was paid on the item at the time of the original purchase.

10. If a customer returns a qualifying exempt item and is given an item of equal price after the sales tax holiday period, is sales tax due on the new item?

If a customer buys an eligible item during the sales tax holiday period and later exchanges it for another tax-exempt item, no tax will be due, even after the tax holiday period expires.

If a customer buys an eligible item during the sales tax holiday period and later returns the item and receives credit toward the purchase of an item that did not qualify for the exemption, sales tax will apply to the new purchase.

BUY ONE, GET ONE FREE

11. If the store is offering a “buy one, get one free” or “buy one, get one for a reduced price” special on an ENERGY STAR-certified washer-dryer combo and the customer purchases one item for \$1,750 and gets the other for free, will the transaction be tax-free because the customer is effectively paying \$875 for each item?

The total price of items advertised as “buy one, get one free” or “buy one, get one for a reduced price” cannot be averaged for both items to qualify for the exemption. In this case, the total sales price of \$1,750 for the washer-dryer combo is taxable.

RAIN CHECKS

12. If a store issues a rain check during the sales tax holiday period, can the customer use it after the sales tax holiday period to purchase the item tax-exempt?

No. The purchase of the qualifying item must be made during the sales tax holiday period to be tax-exempt. When a rain check is issued, a sale has not occurred. The sale occurs when the rain check is redeemed, and the item is purchased.

LAYAWAY ITEMS

13. If the customer places an item on layaway, is it eligible for the tax exemption during the sales tax holiday period?

Yes. A layaway is when an item is set aside for a customer who makes a deposit, agrees to pay the balance of the purchase price over a period of time, and receives the merchandise at the end of the payment period. Qualifying items placed on layaway during the sales tax holiday period are tax-exempt, even if final payment of the layaway is made after the tax holiday period. If a customer makes a final payment and takes delivery of the items during the tax holiday period, the qualifying items are tax-exempt.

INSTALLATION AND WARRANTY CHARGES

14. Is the installation of an ENERGY STAR appliance also tax-exempt during the sales tax holiday period?

When an eligible ENERGY STAR product does not become a part of realty and remains tangible personal property when installed, any separately itemized charge for the installation of the product is a part of the sales price of the product and is exempt when the total sales price of the eligible ENERGY STAR product does not exceed the applicable threshold.

Example: A customer purchases an ENERGY STAR washing machine for \$1,299. The store charges a \$99 installation charge to install the washing machine at the customer's home. The washing machine will remain tangible personal property after installation. The selling dealer receives \$1,398 for the washing machine and the installation. The sales price of \$1,398 is less than \$1,500. Therefore, the sale qualifies for the exemption.

15. If the customer purchases a warranty along with an ENERGY STAR appliance, is it taxable?

The taxation of any charges for a service warranty contract depends on the taxability of the product being sold. If the retail sale of an item is exempt from tax, the charge for a service warranty sold with the item is exempt.

Example: A customer purchases an ENERGY STAR water heater for \$1,100. The customer also purchases a five-year extended protection plan (a service warranty) for \$149. The sales price of \$1,249 for the water heater and the service warranty qualify for the exemption.

REMOTE SALES (MAIL ORDER, CATALOG, AND INTERNET)

16. Do the exemptions during the sales tax holiday period apply to remote sales?

Yes. All remote sales (mail order, catalog, or internet) of qualifying items during the sales tax holiday period are tax-exempt when the order is accepted during the sales tax holiday period for immediate shipment, even if delivery is made after the tax holiday period.

An order is accepted by the remote seller when action has been taken to fill the order for immediate shipment. Actions to fill an order include assigning an order number to a telephone order, confirming an internet order by an email to the customer, or placing a date received on an order received by mail.

An order is considered to be for immediate shipment when delayed shipment is not requested by the customer. An order is for immediate shipment even if the shipment may be delayed because of a backlog of orders or stock is currently unavailable or on back order.

SHIPPING CHARGES

17. How does sales tax apply toward shipping charges for items purchased by remote sale (by mail order or through a catalog or the internet)?

Shipping charges separately stated on a customer's invoice are part of the sales price of each item listed on the sales invoice. You must proportionately allocate the shipping charges among the items ordered. The amount of each item is divided by the total amount of all the items ordered to obtain the percentage that each item bears to the total order. Multiply the total shipping charge by the percentage for each item to determine the applicable shipping charge for each item.

Example: A customer orders a \$1,200 ENERGY STAR-certified washing machine and a \$900 ENERGY STAR-certified clothes dryer, for a total of \$2,100, during the sales tax exemption period. The shipping charge is \$150.

Washing Machine:

Cost of washing machine ÷ total cost: $\$1,200 \div \$2,100 = 57.14\%$

Shipping charge for washing machine: $57.14\% \times \$150 = \85.71

Total sales price for the washing machine: $\$1,200 + \$85.71 = \$1,285.71$

Clothes Dryer:

Cost of clothes dryer ÷ total cost: $\$900 \div \$2,100 = 42.86\%$

Shipping charge for clothes dryer: $42.86\% \times \$150 = \64.29

Total sales price for the clothes dryer: $\$900 + \$64.29 = \$964.29$

No sales tax is due on the washing machine or the clothes dryer because the total sales price, including shipping, for each item is below the maximum price designated for the Florida ENERGY STAR Appliances Sales Tax Holiday.

MERCHANT'S LICENSE OR OTHER FEES (TWO CITIES IN BAY COUNTY ONLY)

18. How do I handle the 1% merchant's license fee (sometimes referred to as a gross receipts fee) in Panama City or Panama City Beach during the sales tax exemption period?

When stores located in these two cities charge customers the 1% fee, it is part of the sales price subject to sales tax, even when the fee is separately stated on a receipt or invoice. When the sales price of the item, plus the 1% merchant's license fee, makes the total sales price above the per-item price limitation to qualify for exemption during the sales tax holiday period, the item does not qualify for the exemption.

Example:

Price of ENERGY STAR-certified water heater	\$1,495.00
1% merchant's license fee	<u>+ \$14.95</u>
Total price	\$1,509.95

The water heater is now more than \$1,500 and does not qualify for the sales tax exemption.

COUPONS, DISCOUNTS, AND REBATES

19. Why does a store discount coupon reduce the sales price of a qualifying item, but a manufacturer's coupon or rebate does not?

The sales price of an item includes all consideration received by the retail seller for that item. The price of an item is not limited to the amount paid by a customer. A coupon, discount, or rebate offered by the retail seller reduces the sales price of an item because it reduces the total amount received by the retail seller for the item.

When a retail seller is reimbursed for the amount of any discount created by a manufacturer's coupon, discount, or rebate, the amount of the reimbursement is included in the taxable sales price of the item.

Manufacturer's coupon example: During the sales tax holiday, an ENERGY STAR-certified water heater sells for \$1,650. The customer uses a \$150 manufacturer's coupon when purchasing the water heater. Although the customer pays \$1,500 for the water heater, the retail seller's sales price remains \$1,650 because the seller will receive a total of \$1,650 for the item: \$1,500 from the customer and \$150 from the manufacturer. The water heater does not qualify for the exemption during the sales tax holiday (the price of the water heater is more than \$1,500).

Manufacturer's rebate example: During the sales tax holiday, an ENERGY STAR-certified combination refrigerator/freezer unit sells for \$4,700. The manufacturer is offering a \$200 instant rebate that is redeemed when a refrigerator/freezer unit is purchased from the retail seller. Although the customer pays \$4,500, the retail seller's sales price remains at \$4,700 because the seller will receive a total of \$4,700 for the item: \$4,500 from the customer and \$200 from the manufacturer. The refrigerator/freezer unit does not qualify the exemption (the price of the item is more than \$4,500).

Store discount coupon example: During the sales tax exemption period, an ENERGY STAR-certified clothes dryer sells for \$1,600. The retail seller is offering a 10% discount. After

applying the 10% discount, the discounted sales price for the dryer is \$1,440. The dryer is exempt (the sales price is \$1,500 or less).

ADDITIONAL INFORMATION

20. I didn't see my question listed here. Where can I find additional information about the Florida ENERGY STAR Appliances Sales Tax Exemption Period?

If you have a question about a specific item that is not listed in TIP No. [23A01-04](#), contact the Florida Department of Revenue at (850) 488-6800.

21. I heard there were several sales tax holidays this year. Where can I find more information about the other holidays?

House Bill 7063 from the 2023 regular legislative session was signed into law on May 25, 2023. The law contains six tax relief holidays and specifies the timeframe for each holiday. For a printable calendar of the tax relief holidays, you can visit our website: [Florida Dept. of Revenue – Sales Tax Holidays \(floridarevenue.com/salestaxholidays\)](#).