



# Sales and Use Tax on Motor Vehicles

## Definitions

**Motor vehicle** – An automobile, motorcycle, truck, trailer, semi-trailer, truck tractor and semi-trailer combination, or any other vehicle operated on the roads of Florida used to transport persons or property, and propelled by power other than muscle power. This includes:

- Recreational vehicles, such as a travel trailer, camping trailer, truck camper, motor home, private motor coach, van conversion, park trailer, and fifth-wheel trailer; and
- Any other vehicle that is of a class or type that is required to be titled, licensed, or registered in Florida.

**Motor vehicle dealer** – Any dealer registered with the Department of Revenue (Department) to sell motor vehicles.

## What is Taxable?

Florida sales and use tax, plus any applicable discretionary sales surtax, is due on all new or used motor vehicles sold, leased, delivered into, imported into, or used in Florida, unless a specific exemption applies.

Florida sales and use tax is due on the sales price of the motor vehicle, including any separately itemized charge or fee for items, such as:

- any accessory sold with the vehicle;
- preparation, settlement, or closing fees;
- freight, handling, or delivery of the motor vehicle to the dealer;
- commission; and
- any other expense or cost of the dealer that the dealer requires the purchaser to pay.

Any separately itemized fee or charge mandated by a state law for titling, licensing, or registering the motor vehicle, or for recording a lien on the motor vehicle, is not subject to tax.

## Trade-In Allowance

A registered motor vehicle dealer may deduct a trade-in allowance from the taxable sales price of a motor vehicle when, in a single transaction, tangible personal property (not real property) is traded as part of the motor vehicle sale. If the sale is between individuals (not registered with the Department), the purchaser must, in a single transaction, trade an aircraft, boat, motor vehicle, or mobile home for the motor vehicle being purchased.

## Discretionary Sales Surtax

Most counties impose a local option discretionary sales surtax. Surtax is due when the purchaser's residing address on the registration or title to the motor vehicle is a location within a county imposing a surtax. Discretionary sales surtax applies to the first \$5,000 of the purchase price. Form DR-15DSS, *Discretionary Sales Surtax Information*, provides a list of Florida counties and their surtax rates. This form is available in the "Forms and Publications" section of the Department's website at [www.floridarevenue.com](http://www.floridarevenue.com).

## Credit for Tax Paid Outside Florida

A credit against any Florida sales and use tax or surtax due on a motor vehicle is allowed to any purchaser who provides documentation that a like tax has been lawfully imposed and paid to another state, territory of the United States, or District of Columbia.

**Example:** If you purchase a motor vehicle in a state that has a sales tax rate of four percent, you must pay an additional two percent, plus any applicable discretionary sales surtax, when the motor vehicle is brought into Florida and registered, licensed, or titled in Florida.

## What is Exempt?

Here are examples of motor vehicle sales that are **exempt** from sales and use tax (exemption documentation required to be maintained by the dealer):

- A Florida registered motor vehicle dealer buys a motor vehicle for resale or lease.
- The motor vehicle dealer delivers the vehicle to the purchaser outside of Florida.
- The motor vehicle dealer delivers the vehicle to a common carrier, licensed exporter, or freight forwarder for shipment outside of Florida.
- An out-of-state dealer who does not have a Florida sales tax number buys a motor vehicle for resale or lease.
- An entity holding a current Florida *Consumer's Certificate of Exemption* (Form DR-14) buys a motor vehicle with the entity's funds and the motor vehicle is titled in the entity's name.

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

- Any portion of the sales price of a motor vehicle paid directly by the Veterans Administration to the selling dealers. Any portion of the sales price paid by the purchaser is subject to tax.
- When the sale of a motor vehicle to a resident of another state that imposes a sales tax of less than six percent and the purchaser takes possession of the vehicle in Florida, the purchaser's home state tax rate is applied when:
  - ✓ The purchaser provides the selling dealer a completed, notarized *Affidavit for Partial Exemption of Motor Vehicle Sold to a Resident of Another State* (Form DR-123).
  - ✓ The purchaser pays the appropriate amount of Florida sales and use tax. For more information on tax rates on motor vehicles in other states, the Department provides an annual Tax Information Publication (TIP) titled *Motor Vehicle Sales Tax Rates by State* that is available on the Department's website.

**Example:** Sale of \$20,000 motor vehicle to a resident of another state where the sales tax rate on motor vehicles is seven percent. Florida sales tax is due at the rate of six percent on the \$20,000 sales price of the vehicle. No discretionary sales surtax is due.

**Example:** Sale of \$20,000 motor vehicle to a resident of another state where the sales tax rate on motor vehicles is two percent. Florida sales tax is due at the rate of two percent on the \$20,000 sales price of the vehicle. No discretionary sales surtax is due.

- ✓ The vehicle is licensed in the purchaser's home state within 45 days.
- ✓ This partial exemption **does not apply** to the purchase of a motor vehicle by a nonresident corporation or partnership when:
  - An officer of the corporation is a Florida resident;
  - A stockholder who owns at least ten percent of the corporation is a Florida resident; or
  - A partner who has at least a ten percent ownership in the partnership is a Florida resident.

However, the partial exemption is allowed for corporations or partnerships when the motor vehicle is removed from Florida within 45 days after purchase and remains outside Florida for a minimum of 180 days, regardless of the residency of the owners or stockholders of the corporation or partnership.

### **Loaned Vehicles**

Tax and surtax on a vehicle loaned at no charge by a motor vehicle dealer are not due when:

- 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 has a dealer's license plate and is loaned for demonstration purposes.

Other loans of a motor vehicle at no charge by a motor vehicle 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*.

### **Who Must Register to Collect Tax?**

If you regularly sell or lease motor vehicles to someone else, you must register as a motor vehicle dealer to collect and report Florida sales and use tax. If you sell more than two motor vehicles in any 12-month period, you are required to register with the Florida Department of Revenue and 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 to collect and report Florida sales and use tax and surtax.

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

You can register to collect and report tax through our website at **[www.floridarevenue.com](http://www.floridarevenue.com)**. 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 *Florida Business Tax Application* (Form DR-1).

After your registration is approved, you will receive a *Certificate of Registration* (Form DR-11) and a *Florida Annual Resale Certificate for Sales Tax* (Form DR-13). If you are not filing electronically, we will mail paper tax returns to you. The *Florida Annual Resale Certificate for Sales Tax* is used for tax-exempt purchases or rentals of property or services you intend to resell or re-rent as part of your business. If the goods bought for resale are later used (not resold), you must report and pay use tax and surtax on those items. Florida law provides for criminal and civil penalties for fraudulent use of a *Florida Annual Resale Certificate for Sales Tax*.

### **When is Tax Due?**

Returns and payments are due on the first day of the month and late after the 20th of the month following each reporting period, whether you are filing monthly, quarterly, twice a year, or yearly. If the 20th falls on a Saturday, Sunday, or state or federal holiday, returns and payments will be timely if they are postmarked on the first business day after the 20th. **Florida law requires you to file a tax return even if you do not owe sales and use tax.**

### **Electronic Filing and Payment**

We offer the use of our free and secure website to file and pay sales tax. You also have the option of buying software from a software vendor. For more information on electronic filing and payment options, visit our website.

You may voluntarily file and pay taxes electronically; however, if you pay \$20,000 or more in sales and use tax between July 1 and June 30 (the state fiscal year), you must use electronic funds transfer (EFT) for the next calendar year to pay your taxes.

If you make tax payments using electronic funds transfer (EFT), you must initiate electronic payments no later than 5:00 p.m., ET, on the business day before the 20th.

## Penalty and Interest

**Penalty** – If you file your return or pay tax late, a late penalty of 10 percent of the amount of tax owed, but not less than \$50, may be charged. The \$50 minimum penalty applies even if no tax is due. Penalty will also be charged if your return is incomplete.

**Interest** – A floating rate of interest applies to underpayments and late payments of tax. Current and prior period interest rates are posted on our website.

## Reference Material

**Tax Laws** - Our online Revenue Law Library contains statutes, rules, legislative changes, opinions, court cases, and publications. Search the library for:

- Rule 12A-1.007, Florida Administrative Code (F.A.C.), Aircraft, Boats, Mobile Homes, and Motor Vehicles
- Rule 12A-1.105, F.A.C., Service Warranties
- Rule Chapter 12A-15, F.A.C., Discretionary Sales Surtax

**Brochures** - Download these brochures from our “Forms and Publications” page:

- *Solid Waste Fees, Motor Vehicle Fees, and Gross Receipts Tax on Dry Cleaning* (GT-800037)
- *Florida’s Discretionary Sales Surtax* (GT-800019)
- *Sales and Use Tax on Repair of Tangible Personal Property* (GT-800010)

**Online Tutorial** - Visit the Department’s website to view the tutorial, *Motor Vehicle Dealers; How to Calculate, Collect, and Report Sales Tax*.

## For Information and Forms

Information and forms are available on our website at: [www.floridarevenue.com](http://www.floridarevenue.com)

**To speak with a Department representative**, call Taxpayer Services at 800-352-3671, Monday through Friday, excluding holidays.

To find a **taxpayer service center** near you, go to:

[www.floridarevenue.com/taxes/Pages/servicecenters.aspx](http://www.floridarevenue.com/taxes/Pages/servicecenters.aspx)

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

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

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