FLORIDA DEPARTMENT OF REVENUE

Tax Information Publication TIP

No: **15A01-07**

Date Issued: **June 26, 2015**

Sales and Use Tax on Repairs of Boats or Vessels Capped at $60,000

Effective July 1, 2015, the maximum tax due on each boat repair transaction in Florida is $60,000. Subsequent and separate repairs are each subject to their own $60,000 cap. Beginning July 1, 2015, a dealer should not collect tax in excess of $60,000 on a single repair. The dealer must maintain records to substantiate the application of the cap to the transaction. Taxpayers making their own repairs to a boat in Florida on or after July 1, 2015, will owe a maximum of $60,000 of use tax.

Calculation of State Tax and County Surtax

The $60,000 cap includes both the state (sales or use) tax and any applicable discretionary sales surtax ("county surtax"). No more than $60,000 in total tax (state sales or use tax plus county surtax) is due on any taxable repair.

Example:

On or after July 1, 2015, a boat or vessel is repaired for $1,500,000 in Indian River County, a 1% county surtax jurisdiction. The total maximum tax due is $60,000.

For purposes of reporting, the dealer subtracts the surtax from the maximum tax amount to determine the maximum state sales tax. The county surtax is due on only the first $5,000 of the taxable sales amount. The total county surtax would be $50 ($5,000 X .01). So the maximum state sales tax is $59,950.

$60,000.00	Maximum tax
- $50.00	County surtax
$59,950.00	Maximum state sales tax

The dealer should then divide the maximum state sales tax by the 6% state sales tax rate to determine the taxable sales amount.

$59,950.00 / .06 = $999,166.66 Taxable sales (repair) amount

The dealer should then subtract the taxable sales amount from the gross sales amount to determine the exempt sales amount.

$ 1,500,000.00	Gross sales amount
- $ 999,166.66	Taxable sales amount
$ 500,833.34	Exempt sales amount

$59,950.00	Tax collected at 6%
$50.00	County surtax at 1%
$60,000.00	Tax due Lines 5, 7, and 10 of Form DR-15, *Sales and Use Tax Return*
$50.00	Amount reported as county surtax on back of return on Line 15(d)

To calculate the Line 15(a) amount (sales exempt from the county discretionary sales surtax) subtract $5,000 (amount of the sale that was subject to the surtax) from the taxable sales amount.

$999,166.66	Taxable sales amount
- $5,000.00	Amount of sale subject to the county surtax
$994,166.66	Amount reported on Line 15(a)

This example is based on a surtax rate of 1 percent. If your county has a different surtax rate, the amount of surtax will vary.

References: Section 13, Chapter 2015-221, Laws of Florida; Section 212.05(5), Florida Statutes

For More Information

This document is intended to alert you to the requirements contained in Florida laws and administrative rules. It does not by its own effect create rights or require compliance.

For forms and other information, visit our website at www.myflorida.com/dor or call Taxpayer Services, 8:00 a.m. to 7:00 p.m., ET, Monday through Friday, excluding holidays, at 800-352-3671.

For a detailed written response to your questions, write the Florida Department of Revenue, Taxpayer Services, MS 3-2000, 5050 West Tennessee Street, Tallahassee, FL 32399-0112.

Want the latest tax information?
✓ Subscribe to our tax publications or sign up
for due date reminders at **www.myflorida.com/dor/list**
✓ Follow us on Twitter @MyFLDOR_TaxInfo