



Florida ENERGY STAR® Appliances Sales Tax Exemption Period: Frequently Asked Questions for Sales and Use Tax Dealers

TAX COLLECTION RESPONSIBILITIES

1. Am I responsible for correctly exempting qualifying items related to disaster preparedness during the ENERGY STAR Appliances Sales Tax Exemption Period?

Yes, you are responsible for correctly exempting qualifying items during the ENERGY STAR Appliances Sales Tax Exemption Period. If you have a question about a specific item that is not listed in Tax Information Publication (TIP) No. [22A01-05](#), 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 Exemption Period?

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

- Washing machines selling for \$1,500 or less
- Clothes dryers selling for \$1,500 or less
- Water heaters selling for \$1,500 or less
- Refrigerators or combination refrigerator/freezers selling for \$3,000 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 exemption period?

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

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

You may 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.

5. What types of sales are excluded from the sales tax exemption period?

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. Appliances not affixed with an ENERGY STAR label are not eligible for the sales tax exemption.

In addition, the sales tax exemption period 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

6. Do I need to account for exempt sales during the sales tax exemption period differently from other tax-exempt sales?

No, there are no additional record-keeping requirements.

REFUNDS/EXCHANGES

7. A customer returns an item that was purchased before the sales tax exemption period and exchanges it for another item during the tax exemption period. The new item is exempt from tax during the tax exemption 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.

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

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

If a customer buys an eligible item during the sales tax exemption 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

9. 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 I purchase one item for \$1,750 and get the other for free, will the transaction be tax-free because I am 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

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

No. The purchase of the qualifying item must be made during the sales tax exemption 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

11. If the customer places an item on layaway, is it eligible for the tax exemption during the sales tax exemption 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 exemption period are tax-exempt, even if final payment of the layaway is made after the tax exemption period. If a customer makes a final payment and takes delivery of the items during the tax exemption period, the qualifying items are tax-exempt.

REMOTE SALES (MAIL ORDER, CATALOG, AND INTERNET)

12. Do the exemptions during the sales tax exemption period apply to remote sales?

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

13. 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 towards the total order. Multiply the total shipping charge by the percentage for each item to determine the amount of the shipping charge applicable to 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 Exemption Period.

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

14. 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 exemption 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

15. 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 exemption period, an Energy Star-certified combination refrigerator/freezer sells for \$3,100. The customer uses a \$200 manufacturer's coupon when purchasing the refrigerator/freezer. Although the customer pays \$2,900 for the refrigerator/freezer, the retail seller's sales price remains \$3,100 because the seller will receive a total of \$3,100 for the item: \$2,900 from the customer and \$200 from the manufacturer. Because only combination refrigerator/freezers selling for \$3,000 or less qualify for the tax exemption, sales tax is owed on the total price.

Manufacturer's rebate example: During the sales tax exemption period, an Energy Star-certified water heater sells for \$1,600. The manufacturer is offering a \$125 instant rebate that is redeemed when a water heater is purchased from the retail seller. Although the purchaser pays \$1,475, the retail seller's sales price remains at \$1,600 because the seller will receive a total of \$1,600 for the item: \$1,475 from the purchaser and \$125 from the manufacturer. Because only water heaters selling for \$1,500 or less qualify for the tax exemption, sales tax is owed on the total price.

Store discount coupon example: During the sales tax exemption period, an Energy Star-certified washing machine sells for \$1,600. The retail seller is offering a 10% discount. After applying the 10% discount, the discounted sales price for the washing machine is \$1,440. Because washing machines selling for \$1,500 or less qualify for the tax exemption, no sales tax is owed on the purchase.

ADDITIONAL INFORMATION

16. 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. [22A01-05](#), contact the Florida Department of Revenue at (850) 488-6800.