



TIP

Tax Information Publication

TIP #22A01-05
Date Issued: 05/06/22

Sales Tax Exemption Period on New ENERGY STAR Appliances – July 1, 2022 Through June 30, 2023

Florida's sales tax exemption period on new ENERGY STAR appliances for noncommercial use begins Friday, July 1, 2022, and ends Friday, June 30, 2023. During this sales tax exemption period, tax is not due on the retail sale of eligible new ENERGY STAR appliances purchased for noncommercial use. The rental of eligible new ENERGY STAR appliances **does not** qualify for the exemption.

“ENERGY STAR appliance” means one of the listed products below if designated by the United States Environmental Protection Agency and the United States Department of Energy as meeting or exceeding each agency's requirements under the ENERGY STAR program and is affixed with an ENERGY STAR label.

The sales tax exemption does not apply when the new ENERGY STAR appliance is purchased for trade, business, or resale.

References: Section 49, Chapter 2022-97, Laws of Florida; Emergency Rule 12AER22-5, Florida Administrative Code

Eligible Items

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

Reporting Sales

Florida dealers should report the sales of eligible items sold during the sales tax exemption period as exempt sales on their sales tax returns.

Buy One, Get One for a Reduced Price

The total price of items advertised as “buy one, get one for a reduced price” cannot be averaged in order for both items to qualify for the exemption.

Gift Cards

The sale of a gift card is not taxable. A gift card does not reduce the sales price of an item. Eligible items purchased during the exemption period using a gift card will qualify for the exemption, regardless of when the gift card was purchased. Eligible items purchased after the exemption period using a gift card are taxable, even if the gift card was purchased during the exemption period.

Remote Sales

Eligible items purchased through a marketplace provider or from a remote seller are exempt from Florida sales tax when the order is accepted by the marketplace provider or remote seller during the sales tax exemption period for immediate shipment, even if delivery is made after the sales tax exemption period.

Coupons, Discounts, and Rebates

The sales price of an item includes all consideration received by the retailer for that item. It 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 such an item. Because a retailer's coupon, discount or rebate reduces the sales price of an item, such discounts may be used to determine whether an item qualifies for the exemption.

However, a retailer is reimbursed for the amount of any discount created by a manufacturer's coupon, discount or rebate, and the amount of the reimbursement is included in the total sales price of the item. Because the sales price is not actually reduced by a manufacturer's coupon, discount or rebate, such discounts cannot be used to determine if an item qualifies for the exemption.

Example 1: A customer purchases an ENERGY STAR refrigerator for \$3,295. The retailer is offering a 10% discount. After applying the 10% discount, the final amount received by the seller for the refrigerator (the sales price) is \$2,965.50 and the sale qualifies for the exemption.

Example 2: A customer purchases an ENERGY STAR clothes dryer for \$1524.99. The manufacturer is offering a \$25 instant rebate that is redeemed when the clothes dryer is sold. Although the purchaser pays \$1499.99, the retailer's sales price remains at \$1524.99 because the retailer will receive a total of \$1524.99 for the item: \$1499.99 from the customer and \$25 from the manufacturer. The sale does not qualify for the exemption.

Returns

When a customer returns an eligible item purchased during the sales tax exemption period and requests a refund or credit of tax:

- The customer must produce a receipt or invoice showing tax was charged and paid on the original purchase of the item; or
- The retailer must have sufficient documentation to show tax was paid on the original purchase of the item.

Exchanging a Purchase After the Sales Tax Exemption Period

When a customer purchases an eligible item during the sales tax exemption period, then later exchanges the item for the same item (e.g., different size or different color), no tax will be due even if the exchange is made after the sales tax exemption period.

When a customer purchases an eligible item during the sales tax exemption period, then later returns the item and receives credit toward the purchase of an item that did not qualify for the exemption, the new item purchased is subject to sales tax.

Rain Checks

Eligible items purchased during the sales tax exemption period using a rain check will qualify for

the exemption regardless of when the rain check was issued. However, issuance of a rain check during the sales tax exemption period will not qualify an eligible item for the exemption if the item is purchased after the sales tax exemption period.

Layaway Sales

A layaway sale is a transaction in which merchandise is set aside for future delivery to 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.

Eligible items sold as layaway sales qualify for the exemption when the customer:

- Accepts delivery of the merchandise during the sales tax exemption period; or
- Puts an eligible item on layaway, even if final payment is made after the sales tax exemption period.

Installation Charges

When an eligible energy-efficient 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.

Service Warranties

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.

Shipping and Handling

When separately stated shipping charges are part of the sales price and both taxable and exempt items are listed on a sales invoice or receipt, the shipping charges must be proportionately allocated to the charge for each item to determine the total sales price of the item. The charge for each item is divided by the total charge of all the items ordered to obtain the percentage of charge that each item bears to the total order. The amount of the shipping charge applicable to each item is calculated by multiplying the total shipping charge by the percentage of cost for each item. If the item sold is exempt, the associated shipping charge is also exempt.

Panama City and Panama City Beach Dealers

Only: Panama City and Panama City Beach impose a 1% merchant's license fee or tax on retailers. The merchant's license fee is included in the sales price of each item. When the fee is separately stated, and both taxable and exempt items are listed on a sales invoice or receipt, the merchant's license fee must be allocated to the charge for each item on the invoice. If the item is exempt, the associated merchant's license fee is exempt.

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 the Department's website at floridarevenue.com or call Taxpayer Services at 850-488-6800, Monday through Friday (excluding holidays).

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.

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