



New Sales and Use Tax Exemptions for Certain Machinery and Equipment Related to Hydrogen

New Sales and Use Tax Exemption for Machinery and Equipment that Produces Electrical or Steam Energy by Burning Hydrogen

Effective July 1, 2022, the sales and use tax exemption for purchases of machinery and equipment necessary to produce electrical or steam energy by burning boiler fuels is expanded to include purchases of machinery and equipment that burns hydrogen.

The machinery and equipment must be used at a fixed location and the electrical or steam energy must be primarily used for manufacturing, processing, compounding, or producing for sale items of tangible personal property in Florida.

If a facility burns hydrogen or both residual and nonresidual fuels, the exemption is prorated based upon the production of electrical or steam energy from nonresidual fuels and hydrogen as a percentage of electrical or steam energy from all fuels. A full exemption applies if 15% or less of all electrical or steam energy produced results from the use of residual oil.

Purchasers of machinery and equipment qualifying for the full exemption must provide the seller with an affidavit stating the machinery or equipment is exempt from sales and use tax as provided in section 212.08(5)(c), Florida Statutes (F.S.). A suggested affidavit is attached. Purchasers who hold a *Sales and Use Tax Direct Pay Permit* (Form DR-16A) may issue their permit instead of an affidavit to purchase qualifying machinery and equipment tax exempt.

Purchasers qualifying for a partial exemption must obtain the exemption through a refund of previously paid tax. For information about filing a refund claim, see [Tax Refunds Information](#).

New Exemptions for Machinery and Equipment Related to the Production or Use of Green Hydrogen

Effective July 1, 2022, the following purchases of machinery or equipment for use at a fixed location in Florida are exempt from sales and use tax when the:

- Machinery or equipment will be primarily used in the production, storage, transportation, compression, or blending of green hydrogen.
- Machinery or equipment will be primarily used in the production, storage, transportation, compression, or blending of ammonia derived from green hydrogen, if the ammonia will be converted back to green hydrogen before its use or sale.
- Machinery or equipment is necessary to produce electrical energy resulting from the electrochemical reaction of green hydrogen and oxygen in a fuel cell. The electrical energy must be primarily used in manufacturing, processing, compounding, or producing for sale items of tangible personal property in Florida.

"Green hydrogen" means hydrogen created using biomass or an electrolytic process powered from renewable energy sources, including solar energy, wind energy, biomass, and geothermal energy. The term also includes hydrogen created using the pyrolytic decomposition of methane gas.

"Primarily used" means a use of at least 50 percent.

Purchasers of machinery and equipment qualifying for exemption must provide the seller with an affidavit stating the machinery or equipment is exempt from sales and use tax as provided in section 212.08(7)(ppp), F.S. A suggested affidavit is attached. Purchasers who hold a *Sales and Use Tax Direct Pay Permit* (Form DR-16A) may issue their permit to the seller instead of an affidavit to purchase qualifying machinery or equipment tax exempt.

References: Section 23, Chapter 2022-97, Laws of Florida; Section 212.08(5)(c) and (7)(ppp), 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 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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**Affidavit
Machinery and Equipment Used in the Production of
Electrical Steam or Energy**

I, the undersigned individual, hereby declare that I am the purchaser or the purchaser's agent or representative authorized to act for _____ (Purchaser) and that the machinery or equipment purchased from _____ (Seller) on invoice no(s.) _____ will be used at _____ (Address) in _____, Florida.

I further declare that the machinery or equipment purchased is necessary to produce electric or steam energy from burning hydrogen or boiler fuels other than residual oil and is exempt from tax as provided in section 212.08(5)(c), Florida Statutes.

I understand that if I fraudulently issue this affidavit to evade payment of Florida sales and use tax, I will be liable for payment of the tax plus a penalty of 200% of the tax and may be subject to conviction of a third-degree felony.

Under penalties of perjury, I declare that I have read the foregoing affidavit and that the facts stated in it are true to the best of my knowledge and belief.

Signature of Purchaser or Purchaser's Agent or Representative

Title

Date

**Affidavit
Purchase of Machinery and Equipment Related to the
Production or Use of Green Hydrogen**

I, the undersigned individual, hereby declare that I am the purchaser or the purchaser's agent or representative authorized to act for _____ (Purchaser) and that the machinery and equipment purchased from _____ (Seller) on invoice no(s.) _____ will be used at _____ (Address) in _____, Florida.

I further declare that the machinery or equipment is exempt from sales and use tax as provided in section 212.08(7)(ppp), Florida Statutes, as: *(mark the exemption that applies)*:

- Machinery or equipment that will be primarily used (a use of at least 50 percent) in the production, storage, transportation, compression, or blending of green hydrogen.
- Machinery or equipment that will be primarily used (a use of at least 50 percent) in the production, storage, transportation, compression, or blending of ammonia derived from green hydrogen, and the ammonia will be converted back to green hydrogen before its use or sale.
- Machinery or equipment that is necessary to produce electrical energy resulting from the electrochemical reaction of green hydrogen and oxygen in a fuel cell. The electrical energy will be primarily used (a use of at least 50 percent) in manufacturing, processing, compounding, or producing for sale items of tangible personal property in Florida.

I understand that if I fraudulently issue this affidavit to evade payment of Florida sales and use tax, I will be liable for payment of the tax plus a penalty of 200% of the tax and may be subject to conviction of a third-degree felony.

Under penalties of perjury, I declare that I have read the foregoing affidavit and that the facts stated in it are true to the best of my knowledge and belief.

Signature of Purchaser or Purchaser's Agent or Representative

Title

Date