



Tax Information Publication

TIP

No: 24A01-14

Date Issued:
October 25, 2024

Taxability of Interior and Exterior Holiday Decorations

Some Florida businesses may be unaware that the sale, rental, and associated charges for design, installation, removal, and storage of holiday decorations and lighting are subject to sales tax.

Sales and Rentals of Holiday Decorations and Lighting

Sales and rentals of tangible goods such as holiday decorations and lighting are taxable in Florida. Businesses that sell or rent holiday lighting or decorations are required to collect sales tax on the total sales or rental price charged, including any services that are part of the sale or rental. For instance, charges for design, labor, or services to install and remove the decorations and lighting sold or rented are subject to sales tax. (This Tax Information Publication does not address lighting that becomes a permanent fixture to a building or other structure. For those sales, see Rule 12A-1.051, Florida Administrative Code.)

Example 1

Company A contracts with a homeowner who wishes to purchase holiday décor and lighting. As part of the sale, Company A designs and installs the decorations, then removes and stores them for the homeowner at the end of the holiday season.

Company A is required to charge sales tax on the total sales price, which includes services to install, remove, and store the décor.

Example 2

A customer hires Company B to provide and install holiday decorations and lighting on a temporary basis for the customer's company office. At the end of the rental period, Company B removes the decorations and lighting.

Company B is required to charge sales tax on the total rental price, which includes services to install and remove the rented décor.

Transactions Only to Install and Remove Decorations and Lighting

Charges for labor or services to install and remove customer-owned decorations and lighting where the business providing the installation and removal services **does not** furnish any tangible items are not subject to sales tax. Tangible items include light clips, adhesive, nails, screws, extension cords, or any other tangible items, that are incorporated into or attached when installing the customer-owned decorations and lighting. Charges solely for the removal of customer-owned decorations and lighting where the business providing removal services did not install the customer-owned decorations and lighting are not subject to sales tax.

Example 3

Company A installs and removes customer-owned decorations and lighting. Company A does not sell décor or lighting. A customer hires Company A to install and remove customer-owned decorations and lighting. Company A furnishes tangible items such as light clips and other hardware necessary to install the décor and lighting.

Company A is required to charge sales tax on the total amount charged for installation and removal of the décor and lighting.

Example 4

Company B installs and removes customer-owned decorations and lighting. Company B does not sell décor or lighting. A customer hires Company B to install and remove customer-owned decorations and lighting. Company B does not furnish or supply any tangible items or parts for the installation. Company B does not repair the décor or lighting, nor modify or alter the décor or lighting. Company B's policy requires the customer to provide all hardware and other items needed for the installation and removal. Company B keeps detailed records substantiating it provides no tangible items.

Company B is not required to charge sales tax. Company B did not provide any tangible items.

Transactions Only for Storing Decorations and Lighting

Charges for the storage of customer-owned decorations and lighting are subject to sales tax when the customer has unlimited access to the storage space and/or stored decorations. Charges for storage of customer-owned decorations and lighting where customers do not have access to the storage space or the decorations and lighting while they are stored at the storage facility are not subject to sales tax.

Exemption

Florida law provides an exemption for purchases of tangible personal property when purchased exclusively for leasing purposes by a dealer registered with the Department of Revenue (Department) at the time of purchase. The purchasing dealer is required to issue a copy of the dealer's annual resale certificate to the selling dealer at the time of purchase in lieu of paying tax. Purchases of tangible personal property for the dual purpose of leasing the property to others and for the dealer's own use **do not** qualify for the exemption and are subject to sales tax. The dealer must pay sales tax on the price of the property and collect and remit the sales tax on all leases of the property.

Registration

Businesses that sell and rent or provide for the taxable storage of decorations and lighting are required to register with the Department to report and remit sales tax. Use the Department's online *Florida Business Tax Application* (Form DR-1) to register at taxapps.floridarevenue.com/taxregistration.

Records

Businesses engaged in taxable activity, such as selling or renting tangible personal property, are required to maintain a complete record of sales and purchases along with invoices, receipts, and other pertinent information. Generally, such records must be kept for three years.

Voluntary Disclosure

Businesses that owe sales tax may want to take advantage of the Department's [Voluntary Disclosure Program](#). The Voluntary Disclosure Program allows businesses to report previously unpaid tax liabilities. It is an opportunity to voluntarily pay taxes due and, in most cases, penalties are waived.

References: Sections 212.05, 212.13, and 213.21, Florida Statutes; Rules 12A-1.006, 12A-1.016, 12A-1.039, 12A-1.051, 12A-1.060, and 12A-1.070, Florida Administrative Code

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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