



Florida Department of Revenue
Tax Information Publication

TIP

No: 10A01-07

Date Issued:
June 22, 2010

Sales and Use Tax on Boats or Vessels Capped at \$18,000

Effective July 1, 2010, the maximum tax on the sale or use of a boat or vessel is \$18,000. Purchases made on or after July 1, 2010, are subject to the maximum \$18,000 tax. Taxpayers using boats or vessels in Florida on or after July 1, 2010, who are subject to Florida use tax pursuant to Section 212.06, Florida Statutes (F.S.), will owe a maximum \$18,000 use tax.

CALCULATION OF STATE TAX AND COUNTY SURTAX

The \$18,000 cap includes both the state (sales or use) tax and any applicable discretionary sales surtax ("county surtax"). No more than \$18,000 in total tax (state sales or use tax plus county surtax) is due on any taxable sale or use.

Example:

On or after July 1, 2010, a boat or vessel is purchased for \$1,000,000.00 in Indian River County, a 1% county surtax jurisdiction. The total maximum tax due is \$18,000.

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 \$5,000.00 of the sale amount. The total county surtax would be \$50.00 (\$5,000 X .01). So the maximum state sales tax is \$17,950.00.

\$18,000.00	maximum tax
- \$50.00	county surtax
<u>\$17,950.00</u>	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.

$\$17,950.00 / .06 = 299,166.66$ (The taxable sales amount)

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

\$ 1,000,000.00	gross sale
- \$ 299,166.66	taxable sales amount
<u>\$ 700,833.34</u>	exempt amount

\$17,950.00	tax collected at 6%
\$50.00	county surtax at 1%
\$18,000.00	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.

\$299,166.66	taxable sales amount
<u>- \$5,000.00</u>	amount of sale subject to the county surtax
\$294,166.66	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.

MAXIMUM TAX AND TRADE-INS

Trade-ins are governed by Section 212.09, F.S. The value of the trade-in vessel is deducted from the sales price of the purchased vessel. Tax is applied to the net sales price (purchased boat or vessel price minus the trade-in value), and the maximum amount of tax to be paid is \$18,000.

NONRESIDENT REMOVAL

Purchases prior to July 1, 2010:

Nonresidents who purchase a boat or vessel pursuant to Section 212.05(1)(a)2., F.S., the nonresident removal exemption, prior to July 1, 2010, must comply with the exemption requirements in order to be exempt from tax. If the purchaser fails to timely remove the boat or vessel from Florida, fails to provide the state with all necessary documentation, or fails to remain outside Florida for six months from the date of the departure, the purchaser will be subject to tax on the cost price of the boat or vessel. Tax is not limited to \$18,000, since the sale was made prior to July 1, 2010, and failure to comply may result in penalties.

Purchases on or after July 1, 2010:

Nonresidents who purchase a boat or vessel pursuant to Section 212.05(1)(a)2., F.S., the nonresident removal exemption, on or after July 1, 2010, must comply completely with the exemption requirements in order to be exempt from tax. If the purchaser fails to comply with the exemption requirements, the maximum tax due is \$18,000, and failure to comply may result in penalties.

PURCHASE OF A BOAT OR VESSEL OUTSIDE FLORIDA

A boat or vessel purchased outside Florida and imported into Florida on or after July 1, 2010, will be subject to the maximum tax of \$18,000, if tax is applicable.

If a boat or vessel is imported into Florida prior to July 1, 2010, and tax is applicable, the vessel is subject to tax on the cost price of the boat or vessel. Tax is not limited to \$18,000.

LEASES

The maximum tax of \$18,000 per use or sale of a boat or vessel in Florida is also applicable to the lease of a boat or vessel. The tax cap applies to each individual lease payment, and no lease payment will be subject to tax in excess of \$18,000.

Example: X and Y enter into a lease agreement whereby X leases a vessel on a bare-boat basis to Y for 6 consecutive months for \$400,000 a month plus tax. Y is to pay X \$400,000, plus tax, per month at the

first of each month. The maximum sales tax that Y must pay each month is \$18,000, since each payment is subject to the tax cap. Y must pay the tax each month as shown below:

Month	January	February	March	April	May	June
Monthly Lease Payment	\$400,000	\$400,000	\$400,000	\$400,000	\$400,000	\$400,000
Tax Due	\$18,000	\$18,000	\$18,000	\$18,000	\$18,000	\$18,000

NOTE: Lessors will use the method described above for sales to correctly calculate and report the state tax and county surtax on leases.

References: Subsection 212.05(5), F.S.; Section 7, Chapter 2010-147, Laws of Florida (Section 7, CS/SB 1752, 2nd Engrossed)

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 Internet site 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.

Persons with hearing or speech impairments may call our TDD at 800-367-8331 or 850-922-1115.

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

Don't delay-save today!

You can **pay overdue taxes with no penalty and reduced interest under Florida's Tax Amnesty Program**, July 1 to September 30, 2010. All taxes administered by the Department of Revenue are eligible, except unemployment tax and Miami-Dade County Lake Belt Fees. Visit www.myflorida.com/dor/amnesty to find out more.