



Sales and Use Tax on Boats

Information for Dealers and Brokers

What boat dealers and yacht brokers need to know about sales and purchases.

Definitions

A boat dealer is a person or business that sells boats, offers or imports boats for retail sale in Florida, or otherwise has boats in its possession or control for use in Florida. A yacht broker also offers boats for sale, but may or may not have the boats in its possession. For sales tax purposes, a boat dealer and yacht broker are the same.

What is Taxable?

All boat sales and deliveries in this state are subject to Florida's 6 percent sales and use tax, unless exempt. Generally, Florida boat dealers and yacht brokers must collect sales tax from the purchaser at the time of sale or delivery.

If a boat delivery is into a county that imposes a discretionary sales surtax, the dealer must also collect this tax. Discretionary sales surtax applies only to the first \$5,000 of the purchase price. You can get a *Discretionary Sales Surtax* brochure (Form GT-800019) and a list of surtax counties and rates (Form DR-15DSS) from our Internet site at www.myflorida.com/dor.

Effective July 1, 2010, the maximum tax on the sale or use of a boat or vessel is **\$18,000**. This includes both sales tax and discretionary sales surtax. For more information and detailed instructions on this maximum tax see Tax Information Publication number 10A01-07 issued on June 22, 2010.

What is Exempt?

Boats Purchased Exclusively for Resale

A boat dealer or yacht broker who is a registered sales and use tax dealer may purchase boats tax-exempt if the boats are for resale. The purchaser must present a signed copy of his or her *Annual Resale Certificate for Sales Tax* (Form DR-13) to the seller. This includes boats used for bare boat charter. A nonresident dealer may purchase a boat for resale tax-exempt if the dealer provides a statement to the seller that the dealer will remove the vessel from Florida and resell it. This statement must contain the information required in section (s) 212.06 (5), (b) 1., Florida Statutes (F.S.). If an in-state or out-of-state dealer uses a boat for any purpose other than to resell it, the boat may be taxable.

Boats Sold to Nonresidents

A nonresident may purchase a boat tax-exempt if sold by or through a registered boat dealer or yacht broker. The nonresident must remove the boat from Florida.

The following requirements must be met:

- The purchaser must sign an affidavit stating that he or she has read the law and rules regarding the specific exemption claimed and will remove the boat from Florida.
 - ✓ A boat of less than 5 net tons of admeasurement must leave Florida within 10 days of purchase or immediately be placed in the care, custody, and control of a registered repair facility for repairs, additions, or alterations. The boat must leave Florida within 20 days after completion of the repairs.

- ✓ If the boat is 5 net tons of admeasurement or larger, the purchaser may obtain a set of Florida Department of Revenue boat decals, which authorize the boat to remain in Florida waters up to 90 days after purchase. This 90-day period may be extended to 180 days with the purchase of a 90-day extension decal. You can purchase decals from Revenue's Boat Enforcement Unit to sell to your customers.
- Within 5 days of the date of sale, the dealer must provide us with a copy of the invoice, bill of sale, and/or closing statement; and the original, signed, removal affidavit.
- Within 10 days of removing the boat, the purchaser must furnish us with proof that the boat left Florida. Receipts for fuel, dockage, or repairs purchased outside Florida are acceptable proof, if they identify the boat.
- Within 30 days of removal, the purchaser must furnish us with written proof that the boat was licensed, registered, titled, or documented outside Florida; or provide evidence that he or she has applied for such.
- This exemption does not apply to a Florida resident, an entity where the controlling person is a Florida resident, or a corporation where any officers or directors are Florida residents.

Boats Imported for Sale

If a boat is brought into Florida for the sole purpose of sale at retail by a boat dealer or yacht broker registered with us, it will be exempt from use tax. The boat must be under the care, custody, and control of the broker or dealer and no personal use may be made of the boat during that time, Chapter 212, F.S., will be used to determine the tax due, if any, on the sale or use of the vessel after its importation. For more information, read Technical Assistance Advisement #03A-051, *Importing Boats Into Florida Solely for Sale*, in our online Tax Law Library.

Boats Imported for Repair

If sales or use tax has not been paid on a boat, the boat is exempt from tax if it remains in this state for a maximum of 20 days in any calendar year. The 20-day period is calculated from the date of first dockage or slippage at a registered facility that rents dockage or slippage space in this state.

If a boat enters Florida for repairs or modifications and is placed in a registered repair facility, it may stay without taxation until the repairs are completed. The 20-day period stops while the vessel is undergoing repair. Once the repairs are complete, the owner has the balance of the 20 days remove the boat from Florida.

Trade-Ins

Dealers or brokers registered with us may allow a credit for a trade-in. The taxable amount is the gross selling price minus the credit allowed for the trade-in.

To qualify for a trade-in credit, the following must apply:

- Only tangible personal property (not realty) can be accepted as trade-in credit for other tangible personal property.
- The sale and trade-in must be a single transaction and the trade-in must be taken into the selling dealer's inventory for resale.

Demonstrator Vessels

Vessels used by a dealer, broker, or manufacturer solely for demonstration, sales promotion, or testing purposes will not be subject to sales and use tax. This applies to boats for use in fishing tournaments or marine-related events if prospective purchasers will attend. The vessel must be entered in the event in the name of the dealer or manufacturer and be clearly marked for sale at all times. Any vessel moved from an inventory item to a capital asset for depreciation purposes will be subject to use tax and the applicable discretionary sales surtax, however **effective July 1, 2010** the maximum tax on the use of a boat or vessel is **\$18,000** (including sales tax and discretionary sales surtax). For more information and detailed instructions, see Tax Information Publication number 10A01-07 issued on June 22, 2010.

Who Collects the Tax?

Florida boat dealers and yacht brokers must register with us to collect and remit sales and use tax before doing business in Florida. You can register to collect and/or report tax through our Internet site. The site will guide you through an application interview that will help you determine your tax obligations. If you do not have Internet access, you can complete a paper *Application to Collect and/or Report Tax in Florida* (Form DR-1).

Persons who represent sellers (brokers) of vessels 32 feet in length or greater should contact the Department of Business and Professional Regulation before starting business.

Most local governments also impose registration or licensing requirements. You should contact the local taxing authorities before starting business.

Alternative Method for Calculating Estimated Tax

Boat dealers/brokers may use an alternative method to calculate estimated sales tax. To qualify for the alternative method, a dealer must have made at least one sale of a boat with a selling price of \$200,000 or more in Florida's previous fiscal year (July 1 – June 30). Dealers must apply before October 1 of each year and be approved by us to use this alternative method. To apply, complete Form DR-300400, *Boat, Motor Vehicle, or Aircraft Dealer Application for Special Estimation of Taxes*.

When is Tax Due?

Returns and payments are due on the 1st and late after the 20th day of the month after the date of sale. For example, if the sale takes place on the 1st of one month, then sales tax is not due until the 1st of the next month. Immediate payment of tax is required on certain transactions for boat dealers who elect to use the "alternative estimated tax method."

Penalty and Interest

If returns and payments are not postmarked or hand-delivered on or before the due date, a late **penalty** of 10 percent of the amount of tax owed is due. A minimum penalty of \$50 is due on late returns, even if no tax is due. Penalty applies if you submit your return and/or payment on time but it is incomplete.

A floating rate of **interest** applies to underpayments and late payments of tax. We update the rate January 1 and July 1 of each year by using the formula established in s. 213.235, F.S. Current and prior period interest rates are posted on our web site.

Dealers and brokers who fail to collect tax, pay on time, provide required information timely, or maintain proper records to prove an exemption will owe tax, penalty, and interest on each transaction.

Reference Material

Tax Laws – Our online Tax Law Library contains statutes, rules, legislative changes, opinions, court cases, and publications. Search the law library for Rule 12A-1.007, Florida Administrative Code, *Aircraft, Boats, Mobile Homes, and Motor Vehicles*; Rule 12A-1.0641, F.A.C., *Sales of Vessels Used in Interstate or Foreign Commerce or for Commercial Fishing Purposes*; and Rule 12A-1.071, F.A.C., *Rentals, Leases, or License to Use Tangible Personal Property*.

Brochures – Download these brochures from our “Forms and Publications” page:

- *Florida’s Sales and Use Tax*
- *Discretionary Sales Surtax*
- *Boat Owners and Purchasers*

For Information and Forms

For detailed responses to your questions, contact:

Boat Enforcement Unit

Florida Department of Revenue

P.O. Box 6417

Tallahassee FL 32314-6417

Fax: 850-487-0969

Telephone: 850-487-3273 **until 10/26/2010**

NEW Telephone number 850-617-8594 **after 10/26/2010**

Information and forms are available on our Internet site at: www.myflorida.com/dor

To speak with a Department of Revenue representative, call Taxpayer Services, Monday through Friday, 8 a.m. to 7 p.m., ET, at 800-352-3671.

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

For a written reply to tax questions, write:

Taxpayer Services

Florida Department of Revenue

5050 W Tennessee St

Tallahassee FL 32399-0112

Get the Latest Tax Information

Sign up to get e-mail notices automatically when we post:

- Tax Information Publications (TIPs).
- *Facts on Tax*, a quarterly publication.
- Proposed rules, notices of rule development workshops, and more.

Sign up at: www.myflorida.com/dor