



Sales and Use Tax on Boats

Information for Owners and Purchasers

GT-800005
R. 07/09

What in-state and out-of-state boat purchasers need to know.

What is Taxable?

Sales Tax

All boats sold and/or delivered 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 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 collect this tax. Discretionary sales surtax applies only to the first \$5,000 of the purchase price.

All sales of boats between individuals are fully taxable if the sale and/or delivery occurs in Florida.

Use Tax

Use tax is a component of Florida's sales and use tax law. Use tax and surtax apply to taxable goods and services that you bring into Florida untaxed or taxed at a rate less than Florida's 6 percent rate. We allow a credit for lawfully imposed taxes paid to another state, a U.S. territory, or the District of Columbia. We do not allow credit for taxes paid to another country.

Discretionary sales surtax is also due on the first \$5,000 of these purchases.

Example: If you purchase a boat in a state that has a sales tax rate of 4 percent, you will have to pay an additional 2 percent when you bring the boat into Florida.

Under most conditions, use tax and surtax are due on boats brought into Florida within 6 months from the date of purchase. However, use tax may be due upon importation into Florida, under **either** of the following conditions:

- The boat belongs to a Florida resident; or
- The boat belongs to a corporation for the use of a corporate officer or director who is a Florida resident or who owns, controls, or manages a dwelling in Florida.

Use tax and surtax will become due when you title and/or register the boat in Florida. Florida titling and/or registration must occur:

- Within 30 days after purchase.
- Within 90 days after the boat enters Florida, if the boat is documented, titled, and/or registered in another state.

A boat that remains in Florida for more than 90 consecutive days or more than 183 days in a one-year period is taxable, unless it qualifies for another exemption.

To report use tax and surtax due to Florida on the purchase of a boat, the owner should complete an *Ownership Declaration and Sales and Use Tax Report* (Form DR-42B). You can find this form on our Internet site at www.myflorida.com/dor.

Use tax and surtax are not due on boats brought to Florida if you meet **all** of the following conditions:

- You own the boat 6 months or longer, and
- You have shown no intent to use the boat in Florida at or before the time of purchase, and
- The boat has been in use 6 months or longer within the taxing jurisdiction of another state, U.S. territory, or the District of Columbia. Time spent in foreign waters does not count as part of the 6-month period.

Specific Exemptions

Boats Sold to Nonresidents

You may purchase a boat tax-exempt if the sale is through a registered boat dealer or yacht broker to a nonresident who will remove the boat from Florida.

You must meet the following requirements:

- The purchaser must sign an affidavit stating that he or she has read the law and rules regarding the specific exemption claimed and agrees to 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 the purchase. This period may be extended to 180 days with the purchase of a 90-day extension decal. The decals must be obtained from the selling dealer or broker.
- 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 provide us with written proof that the boat was licensed, titled, registered, 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.

Foreign Flagged Vessels

Boats flying a foreign flag are exempt from Florida use tax if they have a current license to cruise issued by the U.S. Customs Service. Licenses to cruise are available only to boats flagged in countries that have a treaty with the United States. The boat will remain exempt as long as you do not violate the provisions of the license to cruise.

Boats Imported for Sale

A boat that is brought into Florida for the sole purpose of sale at retail by a boat dealer or yacht broker who is registered with us 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 will be made of the boat during its presence in this state. For more information, read Technical Assistance Advisement #03A-051, *Importing Boats Into Florida Solely for Sale*, in our online Tax Law Library.

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.

Florida's Safe Harbor Act

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.

These repairs, additions, alterations, refitting, or modifications may be subject to sales tax and the applicable discretionary sales surtax.

Storage of a boat in Florida will not qualify for the "safe harbor" exemption. A boat listed for sale, contracted for sale, or sold using a registered boat dealer or yacht broker will qualify for the exemption if sold while in Florida under the safe harbor provisions.

Penalty and Interest

Anyone who purchases a boat and obtains a tax exemption under the nonresident removal provisions will be subject to use tax, discretionary sales surtax, interest, and penalties (including a mandatory penalty equal to the tax) if:

- The boat is not removed from Florida within the specified period.
- The boat returns within 6 months from the date of departure from Florida.

A purchaser who attempts to evade tax by giving a fraudulent affidavit is subject to the tax due, interest, and a mandatory 200 percent penalty. The purchaser will also be subject to a fine of up to \$5,000 and up to 5 years in prison.

If the boat dealer or yacht broker fails to furnish the required exemption information, the dealer or broker will owe tax, interest, and mandatory penalties on each transaction.

Inspections and Compliance

Tax compliance is an important part of boat ownership because it helps pay for services that benefit all boaters in Florida. We conduct tax compliance inspections at marinas, repair facilities, and other docking sites on a regular basis. We also use many other sources of information to determine compliance.

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*.

Dealers and brokers should read the brochure entitled *Sales and Use Tax on Boats – Information for Dealers and Brokers*.

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
Telephone: 850-487-3273
Fax: 850-487-0969

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 Bldg L
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