



# Sales and Use Tax on Aircraft Information for Dealers and Brokers

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## Definitions

An aircraft dealer is a person or business that sells, offers for sale, or imports aircraft into Florida for sale at retail; or has aircraft in its possession or control for use in Florida. An aircraft broker offers aircraft for sale but may not have the aircraft in its possession. For sales tax purposes, an aircraft dealer and broker are the same.

## Who Must Register to Collect Tax?

Aircraft dealers and brokers must register with us to collect and pay sales tax before beginning business in Florida. Most aircraft sellers must also register to collect and pay solid waste fees on sales of new tires and sales of new lead-acid batteries. You can register online; go to our Internet site at [www.myflorida.com/dor](http://www.myflorida.com/dor). If you do not have Internet access, you can fill out a paper *Application to Collect and/or Report Tax in Florida* (Form DR-1).

Most local governments also have registration or licensing requirements; contact them before starting business.

## What is Taxable?

### Sales Tax

All aircraft sold or delivered in Florida are subject to Florida's six percent sales tax, unless exempt. Florida aircraft dealers and brokers must collect sales tax from the buyer at the time of sale or delivery. All sales of aircraft between individuals are taxable if the sale or delivery occurs in Florida.

If you deliver an aircraft into a county that has a discretionary sales surtax, then you must also collect this tax. Discretionary sales surtax applies to the first \$5,000 of the purchase price.

### Use Tax

We apply use tax in the same manner as sales tax. The use tax rate and sales tax rate are the same, and include discretionary sales surtax, if applicable. You must collect and pay use tax and discretionary sales surtax on goods and services that you bring into Florida untaxed or taxed at a rate less than Florida's use tax.

The "use" tax part of Florida's sales and use tax provides uniform taxation of items you purchase outside Florida but use or store in Florida. We will allow a credit for taxes paid in another state, a U.S. territory, or the District of Columbia. We do not allow a credit for taxes paid to another country.

**Example:** If you buy an aircraft in a state that has a sales tax rate of four percent, you may have to pay an extra two percent plus discretionary sales surtax when you bring the aircraft into Florida.

Use tax is due on aircraft brought into Florida within six months from the date of purchase. However, use tax may be immediately due if you meet any of these conditions:

- The aircraft belongs to a Florida resident.
- The aircraft belongs to a corporation for use by a corporate officer or director who is a Florida resident.
- The aircraft belongs to a corporate entity that has an individual vested with authority to participate in the management, direction, or control of the entity's affairs, and is a resident of Florida.
- The aircraft belongs to a person or corporate entity that will use the aircraft for employment, trade, business, or profession in Florida.

### **Registered Dealer's or Broker's Use Tax Liability**

Aircraft dealers who register with us, and who purchase aircraft exclusively for resale and do not pay sales tax at the time of purchase, must pay "use tax" and applicable discretionary sales surtax if they use the aircraft in their business. The dealer must pay the use tax in any month in which they use the aircraft to generate income. Examples of taxable uses include charter, rental, basic flight training, and demonstrations for a charge. The use tax and surtax, if applicable, are calculated on 1 percent of the value of the aircraft for each month that the dealer uses the aircraft.

### **What is Exempt?**

An aircraft dealer or broker who registers as a sales and use tax dealer may purchase aircraft tax-exempt if the aircraft are exclusively for resale, lease, or rental. The purchaser must give a signed copy of his or her current Annual Resale Certificate (Form DR-13) to the seller. A nonresident dealer may also purchase an aircraft for resale tax-exempt if the dealer gives a notarized statement to the seller that he or she will remove the aircraft from Florida and resell it. If the nonresident dealer uses the aircraft in Florida for any purpose other than to resell it, the aircraft will become taxable.

### **Sales to Nonresidents**

Aircraft sales to nonresidents are exempt from sales tax under **either** of these two conditions:

- The buyer removes the aircraft from Florida within 10 days of purchase, or
- If the aircraft needs repairs, additions, or alterations, the buyer must immediately place it in a repair facility registered with us and remove it from Florida within 20 days from the date the work is complete.

Sales to nonresidents must meet these requirements:

- At the time of sale, the dealer must get a signed affidavit from the purchaser confirming that the purchaser has read the applicable law and rules regarding the exemption claimed and will timely remove the aircraft.
- Within five days from the date of sale, the dealer must give us a copy of the invoice, bill of sale, and/or closing statement; and the original, signed, removal affidavit.

This exemption **does not apply** to sales to Florida residents, corporations that have officers or directors who are Florida residents, or other entities whose controlling individual is a Florida resident.

## 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 given for the trade-in. To qualify for a trade-in credit, these conditions must apply:

- Dealers and brokers may only take tangible personal property (not realty) as trade-in credit for other tangible personal property.
- The sale and trade-in must be a single transaction. Dealers or brokers must take the trade-in into their inventory for resale.

## Alternative Method for Calculating Estimated Tax

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

## When Is Tax Due?

Your returns and payments are due on the 1<sup>st</sup> and late after the 20<sup>th</sup> day of the month after the collection period. For example, if a sale takes place on the 1<sup>st</sup> of one month, the sales tax is not due until the 1<sup>st</sup> of the next month and late after the 20<sup>th</sup>.

Immediate payment of tax is required on certain transactions for aircraft dealers who use the "alternative estimated tax election."

Returns and payments postmarked after the 20<sup>th</sup> are late. If the 20<sup>th</sup> falls on a Saturday, Sunday, or state or federal holiday, your returns will be timely if they are postmarked on the first business day after the 20<sup>th</sup>.

## Penalty and Interest

If your returns and payments do not have a postmark on or before the due date, you will owe a late penalty of 10 percent of the amount of tax due. The minimum penalty is \$50 on late filed returns, even if no tax is due.

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 using a formula established in section 213.235, Florida Statutes. For current and prior period interest rates, check our Internet site.

A dealer or broker who fails to collect and/or pay the tax due or fails to get and keep the proper records to prove an exemption will be liable for tax, penalty, and interest on each transaction. Your records are subject to inspection and verification by the Department.

## Reference Material

**Tax Laws** – Our online Tax Law Library contains statutes, rules, legislative changes, opinions, court cases, and publications. Search the law library for Rules 12A-1.007, Florida Administrative Code (F.A.C), *Aircraft, Boats, Mobile Homes, and Motor Vehicles*; Rule 12A-1.071, F.A.C., *Rentals, Leases, or License to Use Tangible Personal Property*; and Rule 12A-15, F.A.C., *Discretionary Sales Surtax*.

**Brochures** – Download these brochures from our "Forms and Publications" page:

- *Florida's Sales and Use Tax*
- *Discretionary Sales Surtax*
- *Aircraft - Owners and Purchasers*
- *Tangible Personal Property Rentals*

## **For Information and Forms**

For detailed responses to your questions, contact:

Aircraft Enforcement Unit

Florida Department Of Revenue

PO 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](http://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

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