



Sales and Use Tax on Repair of Tangible Personal Property

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Definitions

Tangible personal property is property you can see, weigh, measure, touch, or is in any manner perceptible to the senses. Do not confuse tangible personal property with "**real property**," (also called "realty" or "real estate") which is defined as land, improvements to land, and fixtures.

What Is Taxable?

Parts and Materials

When a repairperson supplies parts, sales tax and the applicable discretionary sales surtax are due on the entire charge made to the customer for adjusting, applying, installing, maintaining, remodeling, or repairing tangible personal property.

A repair person, registered as a sales and use tax dealer, may **purchase** materials and parts tax-exempt if the materials and parts are included into and become part of the tangible personal property being repaired (see "How Do I Register to Collect Sales Tax?"). These materials and parts include welding rods, solder, paint, thinner, oil, bolts, nuts, etc. Materials used that **do not** become a part of the property repaired, but are used to make the repair such as tools, sandpaper, steel wool, flux, detergents, etc., are taxable to the repair person, as overhead items.

Repair Labor Only

Charges for repairs of tangible personal property needing only labor or service are not taxable. The dealer must keep documentation to prove no tangible personal property was joined with, or attached to the repaired item. The sales tax and surtax apply when parts are used in the repair even if the parts are provided at no charge.

Charges for fabrication are taxable. Fabrication occurs when material is cut, threaded, shaped, bent, welded, sheared, punched, drilled, machined, or is changed in some way from its original state, due to work performed on it.

Installation of Tangible Personal Property

The total amount charged for labor or services, when parts are furnished in installing tangible personal property that is sold and does not become a part of realty, is taxable, even though such charge may be separately stated.

Contractors and manufacturers who furnish and install the following items are considered to be retail dealers and are required to charge sales tax and surtax on the full price, including installation and any other charges.

- Carpets, except those that become real property
- Drapes, slipcovers, bedspreads, curtains, blinds, shades, etc.
- Garbage receptacles
- Household appliances (except "built-in" appliances)
- Lawn markers
- Mailboxes
- Mirrors, except those that become real property
- Portable ice machines
- Precast clothesline poles
- Radio and television antennas

- Rugs
- Stepping stones
- Telegraphic equipment
- Telephone equipment
- Television satellite dishes
- Television system program service
- Window air-conditioning units

Repairs Shipped In/Out

When tangible personal property is shipped into Florida, repaired, and then shipped back to its owner outside the state by common carrier or mail, the amount charged for the repair is exempt. If the tangible personal property is sent out of Florida to be repaired and then returned to Florida, the transaction is taxable.

Maintenance or Service Warranty Contracts

Maintenance or service warranty contracts covering taxable, tangible personal property are taxable. A service warranty is defined as any contract or agreement for the cost of maintaining, repairing, or replacing tangible personal property. This does not include contracts or agreements covering tangible personal property that becomes a part of real property. The sale of an extended warranty for the maintenance, repair, or replacement of tangible personal property that is not incorporated into real property is subject to sales tax.

How Do I Register To Collect Sales Tax?

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).

After we approve your registration application, you will receive a *Certificate of Registration* (Form DR-11), an *Annual Resale Certificate* (Form DR-13), and your tax return forms. The Annual Resale Certificate is used to purchase materials and parts tax-exempt if they will be incorporated into and become part of the tangible personal property being repaired. You must present a signed copy of your current Annual Resale Certificate to your supplier when making the purchase.

If materials purchased for resale are later used (not resold), the dealer must report and pay use tax and surtax on those items, plus any applicable penalties and interest. There are additional liabilities for intentional misuse of an annual resale certificate.

If you don't know if your business must register to collect sales tax, contact Taxpayer Services.

What Is The Tax Rate?

Florida's sales tax rate is six percent; however, there is a "bracket system" for collecting sales tax on any part of a sale that is less than a whole dollar. Most Florida counties have a discretionary sales surtax on transactions that are subject to sales and use tax. This surtax applies to charges for the repair or use of tangible personal property, unless exempt. The tax is based on the rate in the county where the repair is done. For more information about discretionary sales surtax, download a Discretionary Sales Surtax brochure (Form GT-800019) and a list of surtax counties and rates (DR-15DSS) from our Internet site.

How Is Tax Calculated?

Sales tax is figured at the time of each transaction. For sales transactions that fall between whole dollar amounts, use the bracket system to calculate tax. Under the bracket system, actual tax collected may be more than a straight percentage of the total sales. You can download a *Sales Tax Rate Table* (Form DR-2X) and individual bracket cards from our Internet site.

When Is Tax Due?

Returns and payments are due on the 1st and late after the 20th day of the month following the date of transaction, no matter when payment is received from your customer. For example, if the repair takes place on the 1st of one month, then tax is not due until the 1st of the next month.

Penalty and interest apply to tax returns or payments filed after the due date. Penalty and interest also apply if tax is underpaid or if the tax return is sent on time but is incomplete. Current and prior period interest rates are posted on our Internet site.

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-1.006, Florida Administrative Code (F.A.C.), *Charges by Dealers Who Adjust, Apply, Alter, Install, Maintain, Remodel, or Repair Tangible Personal Property*; Rule 12A-1.051, F.A.C., *Sales to or by Contractors Who Repair, Alter, Improve and Construct Real Property*; and Rule 12A-1.105, F.A.C., *Service Warranties*.

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

- *Florida's Sales and Use Tax*
- *Discretionary Sales Surtax*
- *Annual Resale Certificate*
- *Tangible Personal Property Rentals*

For Information and Forms

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

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

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