



Sales and Use Tax on Detective, Burglar Protection and Other Protection Services

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What Service Providers Need to Know.

What is Taxable?

Services

Detective, burglar protection, and other protection services defined under Standard Industry Code (SIC) Industrial Numbers 7381 and 7382 are taxable. These are examples of services that are subject to sales tax and the applicable discretionary sales surtax:

- Armored car service
- Burglar alarm monitoring and maintenance
- Detective agency services
- Dogs (rental of) for protective services
- Fingerprinting service
- Fire alarm monitoring and maintenance
- Guard service
- Installation (including the sale or lease) of security guard system devices
- Lie detection service
- Passenger screening services
- Polygraph service
- Private investigators
- Protective service, guard
- Security guard service

Taxable Components of a Sale of Services

The amount of taxable sales includes all expenses (including any taxes paid on those expenses) necessary for the performance of the service.

Example: A security company provides security to a client for \$125,000 a year, plus tax. The contract includes \$85,500 in direct wages for several security guards. The security service pays \$6,541 in Social Security (FICA) taxes on the wages paid to the security guards. Neither the \$85,500 in wages nor the \$6,541 in FICA tax can be deducted from the \$125,000 charge for this taxable service when computing the sales tax. The company bills the client for \$125,000 plus sales tax and any applicable discretionary sales surtax.

Example: A private investigator, while providing taxable service for a client, stays in a hotel room, for which he pays \$100 plus \$6 tax. He bills the client \$500 for his service, plus reimbursement of the \$106 expenses incurred in performing the service. The investigator bills the client for \$606 plus tax. The tax on the investigator's service will be six percent of the total \$606 charged, or \$36.36 plus any applicable discretionary sales surtax.

Purchases

Detective, burglar protection, and other protection service providers are the ultimate consumer of any tangible personal property used in providing their services. As such, the service provider is liable for the sales and use tax and the applicable surtax on any purchases used in providing these services; including security system devices when these devices are not being resold in a separate transaction.

Exception: Additional rules may apply to sales of warranty contracts and leases of burglar and fire protection equipment. Call Taxpayer Services for more details.

Discretionary Sales Surtax

Detective, burglar protection, and other protection services subject to sales tax are also subject to any discretionary sales surtax (county sales tax). The surtax rate is based on the county in which the service is performed. 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. The \$5,000 surtax limitation does not apply to taxable services.

What is Exempt?

These are examples of sales that are exempt:

- Investigative services performed within Florida but used outside this state by the purchaser; or investigative services performed when the purchaser's primary benefit of the services is outside Florida.
- Investigative or security services provided directly to a government entity that is exempt from sales and use tax under section 212.08(6), Florida Statutes, if payment is made directly by the government entity.
- Sales of services to nonprofit organizations that hold a current Florida *Consumer's Certificate of Exemption* (Form DR-14). The seller should have a copy of the purchaser's *Consumer's Certificate of Exemption* on file.

Sales Tax Registration

If you sell taxable services to others, you must register as a dealer and 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).

As a registered dealer with us, you will be provided with an *Annual Resale Certificate* (Form DR-13). A signed copy of the current *Annual Resale Certificate* must be given to the selling dealer when making tax-exempt purchases for resale. Registered dealers must not use a resale certificate when making taxable purchases or rentals for their own use.

When Tax is Due

Returns and payments are due on the 1st and late after the 20th day of the month after each collection period. For example, if a sale takes place any time during the month, tax is not due until the 1st of the next month.

Returns and payments postmarked after the 20th are late. However, if the 20th falls on a Saturday, Sunday, or state or federal holiday, returns and payments will not be late if they are postmarked on the first business day after the 20th.

If you make tax payments using electronic funds transfer (EFT), funds must be transmitted before 5:00 p.m., ET, on the business day before the 20th.

Penalty and Interest

If returns and payments are not postmarked or hand-delivered on or before the due date, you owe a late **penalty** of 10 percent of the amount of tax due. A minimum penalty of \$50 is owed on late returns, even if no tax is due. Penalty also applies if the return and/or payment is on time but 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 section 213.235, F.S. Current and prior period interest rates are posted on our web site.

Reference Material

Tax Rules – Our online Tax Law Library contains statutes, rules, legislative changes, opinions, court cases, and publications. Search the law library for Rule 12A-1.0092, Florida Administrative Code, *Detective, Burglar Protection, and Other Protection Services*.

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

- *Florida's Sales and Use Tax*
- *Discretionary Sales Surtax*
- *Florida's Annual Resale Certificate for Sales Tax*

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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