



Sales and Use Tax on Tangible Personal Property Rentals

GT-800038
R. 10/09

How sales tax applies to the rental of computers, cars, bikes, planes, boats, and other tangible personal property.

Definitions

Tangible Personal Property – Personal property that can be seen, weighed, measured, or touched or is in any way perceptible to the senses, including electric power or energy.

Lessor – Owner of tangible personal property who allows the use of a property, in return for a rental payment.

Lessee – Person who uses tangible personal property in return for a rental payment paid to the lessor.

Rental Payment – Payment made directly to the lessor for temporary possession and use of tangible personal property, without the transfer of title to the property.

What is Taxable?

Here are a few examples of tangible personal property rentals that are subject to sales tax and applicable discretionary sales surtax:

- Aircraft
- Amusement machines
- Beach umbrellas
- Bicycles
- Boats
- Books, audio tapes
- Computers and copiers
- Lawn mowers, chainsaws, edgers, etc
- Machinery, equipment, and tools
- Motor vehicles
- Roller skates, ice skates
- Sailboats, sailboards
- Skis, jet skis, surfboards

What is Exempt?

Here are a few examples of tangible personal property rentals that are exempt from sales tax:

- Rental of equipment when the owner furnishes the equipment, operator, and supplies, and contracts their use to work under his direction according to his customer's

specifications; and the customer does not take possession of the equipment or have any direction or control over the equipment or its operation.

- Charters of any boat or vessel with a crew for the purpose of fishing.
- Air taxi charters to transport a passenger to a certain destination (passenger does not pilot or take possession of aircraft). However, rides for amusement (such as helicopter rides) are taxable.
- Motion picture films, when a fee is charged for viewing the films.

All rentals to nonprofit organizations are exempt if the organization presents a current valid Florida Consumer's Certificate of Exemption (Form DR-14) to the lessor.

If you are unsure whether your leases or rentals are taxable, contact Taxpayer Services.

Who Must Register to Collect Tax?

If you lease or rent taxable tangible personal property to someone else, you must register as a dealer and collect sales tax and applicable discretionary sales surtax. There is no exemption for occasional or isolated rentals.

If you lease or rent taxable tangible personal property from someone else for the purpose of leasing it to a third party, you must register as a dealer and collect sales tax. After you register, you will receive an *Annual Resale Certificate* (Form DR-13). Give a signed copy of your Form DR-13 to the lessor in order to lease the property tax-exempt.

You can register to collect and/or report tax through our Internet site at **www.myflorida.com/dor**. 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).

When Tax is 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 a sale takes place on the 1st of one month, then sales 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 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 sent before 5:00 p.m., ET, on the business day before the 20th.

Penalty and Interest

A taxpayer who files a late return or is late in paying the tax due will owe a late **penalty** of 10 percent of the amount of tax due, but no less than \$50. The \$50 minimum penalty applies even if no tax is due. You will owe a penalty if the return or payment is submitted 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 in section 213.235, Florida Statutes. Current and prior period interest rates are posted on our web site.

Reference Material

Tax Law – Our online Tax Law Library contains statutes, rules, legislative changes, opinions, court cases, and publications. Search the law library for Rule 12A-1.071, *Renting Tangible Personal Property*.

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

- Amusement Machines
- Vending Machines
- Commercial Real Property Rentals
- Residential Real Property Rentals
- Florida’s Discretionary Sales Surtax

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

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