



Sales and Use Tax on Interior Decorators

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Definitions

Real property – The surface land, improvements to land, and fixtures; also called “realty” and real estate.”

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?

An interior **decorator’s fee** is taxable as a part of the selling or cost price when the transaction involves the sale of tangible personal property. The fee is also taxable if paid in the form of a trade discount or billed on a cost plus basis. Interior decorators’ costs reimbursed by a client are taxable, including labor costs for the fabrication of tangible personal property (such as bedspreads or draperies).

The sale and installation of **tangible personal property** is taxable, even if the installation charge is separately stated. The tax should be separately stated on the customer’s invoice. Examples include drapes, slipcovers, bedspreads, curtains, blinds, shades, and rugs. An interior decorator must furnish the supplier with a signed copy of his or her current *Annual Resale Certificate* when purchasing tangible personal property for resale.

Tangible personal property bought by an interior decorator to use in **improving real property** is taxable to the decorator based on the decorator’s cost price of the materials and supplies used or consumed in the job. Tax should not be charged as a separate line item to the customer. This applies even if the customer is a tax exempt governmental, religious, or charitable organization. Some examples are paint and wallpaper. Mirrors are real property improvements when affixed by nails, screws, glue, cement, or in a similar manner. Carpet is real property when affixed by nail, glue, or in some other manner so that it becomes the finished floor. If not installed in the above manner, mirrors and carpet are treated as tangible personal property. For more information see Rule 12A-1.051, Florida Administrative Code, *Sales to or by Contractors who Repair, Alter, Improve and Construct Real Property*.

Discretionary Sales Surtax

Most Florida counties levy a discretionary sales surtax on transactions that are subject to sales and use tax. Interior decorator fees that are subject to sales tax are also subject to the surtax. The tax is computed using the tax rate in the county in which the tangible personal property is delivered. More information can be found in the *Discretionary Sales Surtax* brochure (Form GT-800019) and on the list of surtax counties and rates (Form DR-15DSS). You can find these and other publications on our web site at www.myflorida.com/dor.

What is Exempt?

An interior **decorator's fee** is exempt as a professional or personal service when materials or supplies are not used or sold as part of the service. To qualify for exemption when materials and supplies are sold, a written contract must show the fee is solely for consultation or designing services and unrelated to any tangible personal property transaction. Decorators' fees, as well as labor costs reimbursed by a client, for improving real property (e.g., painting murals on walls) are exempt.

Samples provided by the manufacturer to an interior decorator or client at no cost are exempt. The samples must serve no useful purpose other than comparison of color, texture, or design (e.g., paint color cards, flooring samples, and fabric swatches).

Purchases for Resale

In order to make tax-exempt purchases for resale, you must submit a signed copy of your current *Annual Resale Certificate* to a seller when making purchases or rentals of property or services that you intend to resell or re-rent as part of your business. As a dealer, you must collect and pay the applicable amount of sales tax and surtax from your customers when you finally do resell or re-rent the property or service at retail.

You must not use your *Annual Resale Certificate* to make purchases or rentals that you will use in your business rather than resell or re-rent. Criminal and civil penalties apply to the fraudulent use of an *Annual Resale Certificate*.

How to Register

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).

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 federal or state 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), you must transmit the funds before 5:00 p.m., ET, on the banking 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 will owe a late **penalty** of 10 percent of the tax due. A minimum penalty of \$50 is assessed on late returns, even if no tax is due. Penalty also applies if the return and/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 established in section 213.235, Florida Statutes. Current and prior period interest rates are posted on our Internet 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-1.001, Florida Administrative Code (F.A.C.), *Specific Exemptions*; Rule 12A-1.006, F.A.C., *Charges by Dealers Who Adjust, Apply, Alter, Install, Maintain, Remodel, or Repair Tangible Personal Property*; Rule 12A-1.016, F.A.C., *Sales; Installation Charges*; Rule 12A-1.038, F.A.C., *Consumer's Certificate of Exemption; Exemption Certificate*; Rule 12A-1.039, F.A.C., *Sales for Resale*; and Rule 12A-1.051, F.A.C., *Sales to or by Contractors Who Repair, Alter, Improve and Construct Real Property*.

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

- Florida's Sales and Use Tax
- Discretionary Sales Surtax
- Repair of Tangible Personal Property
- Building Contractors

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.

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