



# Sales and Use Tax on Motor Vehicles

**Motor vehicle** – An automobile, motorcycle, truck, trailer, semi-trailer, truck tractor and semi-trailer combination, or any other vehicle operated on the roads of Florida used to transport persons or property, and propelled by power other than muscle power. This includes:

- Recreational vehicles, such as a travel trailer, camping trailer, truck camper, motor home, private motor coach, van conversion, park trailer, and fifth-wheel trailer; and
- Any other vehicle that is of a class or type that is required to be titled, licensed, or registered in Florida.

**Motor vehicle dealer** – Any dealer registered with the Department of Revenue (Department) to sell motor vehicles.

## What is Taxable?

Florida sales and use tax, plus any applicable discretionary sales surtax, is due on all new or used motor vehicles sold, leased, delivered into, imported into, or used in Florida, unless a specific exemption applies.

Florida sales and use tax is due on the sales price of the motor vehicle, including any separately itemized charge or fee for items, such as:

- any accessory sold with the vehicle;
- preparation, settlement, or closing fees;
- freight, handling, or delivery of the motor vehicle to the dealer;
- commission; and
- any other expense or cost of the dealer that the dealer requires the purchaser to pay.

Any separately itemized fee or charge mandated by a state law for titling, licensing, or registering the motor vehicle, or for recording a lien on the motor vehicle, is not subject to tax.

## Trade-In Allowance

A registered motor vehicle dealer may deduct a trade-in allowance from the taxable sales price of a motor vehicle when, in a single transaction, tangible personal property (not real property) is traded as part of the motor vehicle sale. If the sale is between individuals (not registered with the Department), the purchaser must, in a single transaction, trade an aircraft, boat, motor vehicle, or mobile home for the motor vehicle being purchased.

## Discretionary Sales Surtax

Most counties impose a local option discretionary sales surtax. Surtax is due when the purchaser's residing address on the registration or title to the motor vehicle is a location within a county imposing a surtax. Discretionary sales surtax applies to the first \$5,000 of the purchase price. [Form DR-15DSS](#), *Discretionary Sales Surtax Information*, provides a list of Florida counties and their surtax rates. This form is available at [floridarevenue.com/forms](http://floridarevenue.com/forms) under the Discretionary Sales Surtax and Tourist Development Tax Rates section.

## Credit for Tax Paid Outside Florida

A credit against any Florida sales and use tax or surtax due on a motor vehicle is allowed to any purchaser who provides documentation that a like tax has been lawfully imposed and paid to another state, territory of the United States, or the District of Columbia.

**Example:** If you purchase a motor vehicle in a state that has a sales tax rate of 4% you must pay an additional 2%, plus any applicable discretionary sales surtax, when the motor vehicle is brought into Florida and registered, licensed, or titled in Florida.

## What is Exempt?

Examples of motor vehicle sales that are **exempt** from sales and use tax (exemption documentation required to be maintained by the dealer):

- A Florida registered motor vehicle dealer buys a motor vehicle for resale or lease.
- The motor vehicle dealer delivers the vehicle to a purchaser outside of Florida.
- The motor vehicle dealer delivers the vehicle to a common carrier, licensed exporter, or freight forwarder for shipment outside of Florida.
- An out-of-state dealer who does not have a Florida sales tax number buys a motor vehicle for resale or lease.
- An entity holding a current Florida *Consumer's Certificate of Exemption* (Form DR-14) buys a motor vehicle with the entity's funds and the motor vehicle is titled in the entity's name.

Here are examples of motor vehicle sales that are **partially exempt** from sales and use tax:

- Any portion of the sales price of a motor vehicle paid directly by the Veterans Administration to the selling dealers. Any portion of the sales price paid by the purchaser is subject to tax.
- When the sale of a motor vehicle to a resident of another state that imposes a sales tax of less than 6% and the purchaser takes possession of the vehicle in Florida, the purchaser's home state tax rate is applied when:
  - ✓ The purchaser provides the selling dealer a completed, notarized *Partial Exemption for Motor Vehicle Sold to Resident of Another State* (**Form DR-123**).
  - ✓ The purchaser pays the appropriate amount of Florida sales and use tax. For more information on tax rates on motor vehicles in other states, the Department provides an annual Tax Information Publication (TIP) titled *Motor Vehicle Sales Tax Rates by State* that is available at [floridarevenue.com/taxes/tips](http://floridarevenue.com/taxes/tips).

**Example:** Sale of \$20,000 motor vehicle to a resident of another state where the sales tax rate on motor vehicles is 7%. Florida sales tax is due at the rate of 6% on the \$20,000 sales price of the vehicle. No discretionary sales surtax is due.

**Example:** Sale of \$20,000 motor vehicle to a resident of another state where the sales tax rate on motor vehicles is 2%. Florida sales tax is due at the rate of 2% on the \$20,000 sales price of the vehicle. No discretionary sales surtax is due.

- ✓ The vehicle is licensed in the purchaser's home state within 45 days.
- ✓ This partial exemption **does not apply** to the purchase of a motor vehicle by a nonresident corporation or partnership when:
  - An officer of the corporation is a Florida resident;
  - A stockholder who owns at least 10% of the corporation is a Florida resident; or
  - A partner who has at least a 10% ownership in the partnership is a Florida resident.

However, the partial exemption is allowed for corporations or partnerships when the motor vehicle is removed from Florida within 45 days after purchase and remains outside Florida for a minimum of 180 days, regardless of the residency of the owners or stockholders of the corporation or partnership.

## Reporting Partially Exempt Sales to Nonresident Purchasers

Motor vehicle dealers registered in Florida should use the following method solely for purposes of reporting sales to nonresident purchasers who qualify for the partial exemption mentioned above on the *Sales and Use Tax Return* (**Form DR-15**):

1. Determine the tax rate of the purchaser's state of residence in which the vehicle will be registered.
2. Multiply the sales price of the motor vehicle by the tax rate imposed in the other state then divide by 6% (0.06).
3. The result of the calculation in number 2 above is the reported taxable amount that is included on Line A, Column 3 (Taxable Amount) of the *Sales and Use Tax Return* (Form DR-15). Because the vehicle will be registered in another state, discretionary sales surtax does not apply. The taxable amount computed in number 2 should also be included on Line 15(b), Other Taxable Amounts NOT Subject to Surtax.
4. To determine the exempt sales to be reported, subtract the taxable amount computed in number 2 above from the sales price. This amount is reported on Line A, Column 2 (Exempt Sales), of the *Sales and Use Tax Return* (Form DR-15).

- To determine the amount of tax to be reported, multiply the taxable amount computed in number 2 above by 6% (0.06) (Florida's state tax rate). This is the same amount as the tax collected on the transaction.

<b>Example:</b> A motor vehicle that will be registered in Alabama is sold for \$14,356.00.
1. Alabama sales tax rate is 2%.
2. \$14,356.00 (sales price) x 0.02 (Alabama's sales tax rate) ÷ 0.06 (Florida's state tax rate) = \$4,785.33 (reported taxable amount for this transaction)
3. \$14,356.00 (sales price) - \$4,785.33 (taxable amount) = \$9,570.67 (reported exempt sales amount for this transaction)
4. \$4,785.33 (taxable amount) x 0.06 (Florida's state tax rate) = \$287.12 OR \$14,356.00 (sales price) x 0.02 (Alabama's state tax rate) = \$287.12 tax due.

### DR-15 Sales and Use Tax Return

Certificate Number:		SALES AND USE TAX RETURN		HD/PM Date:	/	/	DR-15
Florida		1. Gross Sales	2. Exempt Sales	3. Taxable Amount	4. Tax Collected		
A. Sales/Services		14,356.00	9,570.67	4,785.33	287.12		
B. Taxable Purchases		Include use tax on internet / out-of-state untaxed purchases →		.	.		
C. Commercial Rentals		.	.	.	.		
D. Transient Rentals		.	.	.	.		
E. Food & Beverage Vending		.	.	.	.		
Transient Rental Rate:	Surtax Rate:	Collection Period:	5. Total Amount of Tax Collected		.		
				6. Less Lawful Deductions	.		
				7. Total Tax Due	.		
				8. Less Est Tax Pd / DOR Cr Memo	.		
				9. Plus Est Tax Due Current Month	.		

### Loaned Vehicles

Tax and surtax on a vehicle loaned at no charge by a motor vehicle dealer are not due when:

- The vehicle is loaned to a person whose vehicle is being repaired, adjusted, or serviced by the dealer providing the replacement vehicle.
- The vehicle is loaned to a high school for use in its driver education and safety program.
- The vehicle has a dealer's license plate and is loaned for demonstration purposes.

Other loans of a motor vehicle at no charge by a motor vehicle dealer are subject to use tax and surtax based on the annual lease value as determined by the Internal Revenue Service's *Automobile Annual Lease Value Table*.

### Who Must Register to Collect Tax?

If you regularly sell or lease motor vehicles to someone else, you must register as a motor vehicle dealer to collect and report Florida sales and use tax. If you sell more than two motor vehicles in any 12-month period, you are required to register with the Florida Department of Revenue and to be licensed by the Florida Department of Highway Safety and Motor Vehicles.

If you lease motor vehicles from someone else for the purpose of leasing to a third party, you must register as a dealer to collect and report Florida sales and use tax and surtax.

If you own an out-of-state motor vehicle leasing company and lease any vehicles to persons in Florida, you must register as a motor vehicle dealer and collect Florida sales and use tax and surtax due on the lease of the vehicle.

You can register to collect and report tax:

- through the Department's website at [floridarevenue.com/taxes/registration](http://floridarevenue.com/taxes/registration), which guides you through an application interview that will help you determine your tax obligations, **or**
- by completing a paper *Florida Business Tax Application (Form DR-1)* available at [floridarevenue.com/forms](http://floridarevenue.com/forms).

After your registration is approved, you will receive a *Certificate of Registration* (Form DR-11) and a *Florida Annual Resale Certificate for Sales Tax* (Form DR-13). If you are filing electronically, you will not receive paper tax returns. The *Florida Annual Resale Certificate for Sales Tax* is used for tax-exempt purchases or rentals of property or services you intend to resell or re-rent as part of your business. If the goods bought for resale are later used (not resold), you must report and pay use tax and surtax on those items. Florida law provides for criminal and civil penalties for fraudulent use of a *Florida Annual Resale Certificate for Sales Tax*.

### **When is Tax Due?**

Returns and payments are due on the first day of the month and late after the 20th day of the month following each reporting period, whether you are filing monthly, quarterly, twice a year, or yearly. If the 20th falls on a Saturday, Sunday, or state or federal holiday, returns and payments will be timely if they are postmarked or delivered on the first business day after the 20th. **Florida law requires you to file a tax return even if you do not owe sales and use tax.**

### **Electronic Filing and Payment**

The Department offers the use of its free and secure website to file and pay sales tax. You also have the option of buying software from a software vendor. For more information on electronic filing and payment options, visit [floridarevenue.com/taxes/eservices](http://floridarevenue.com/taxes/eservices).

You may voluntarily file and pay taxes electronically; however, if you pay \$5,000 or more in sales and use tax between July 1 and June 30 (the state fiscal year), you must file and pay your tax electronically for the next calendar year.

When you **electronically pay only, or electronically file and pay at the same time**, you must initiate your electronic payment **and receive a confirmation number** no later than 5 p.m. ET on the business day before the 20th day of the month to avoid penalty and interest. Keep the confirmation number in your records. For a list of electronic payment deadlines, visit [floridarevenue.com/forms](http://floridarevenue.com/forms) and select the *Florida eServices Calendar of Electronic Payment Deadlines* ([Form DR-659](#)) under the eServices section.

### **Penalty and Interest**

**Penalty** – If you file your return or pay tax late, a late penalty of 10% of the amount of tax owed, but not less than \$50, may be charged. The \$50 minimum penalty applies even if no tax is due. Penalty will also be charged if your return is incomplete.

**Interest** – A floating rate of interest applies to underpayments and late payments of tax. Current and prior period interest rates are at [floridarevenue.com/taxes/rates](http://floridarevenue.com/taxes/rates).

**Brochures** – Download these brochures from [floridarevenue.com/forms](http://floridarevenue.com/forms):

- *Solid Waste Fees, Motor Vehicle Fees, and Gross Receipts Tax on Dry Cleaning* ([GT-800037](#))
- *Discretionary Sales Surtax* ([GT-800019](#))
- *Sales and Use Tax on Repair of Tangible Personal Property* ([GT-800010](#))

**Online Tutorial** – Visit [floridarevenue.com/taxes/education](http://floridarevenue.com/taxes/education) to view the tutorial *Motor Vehicle Dealers: How to Calculate, Collect, and Report Sales Tax*.

### **Contact Us**

Information and tutorials are available at [floridarevenue.com/taxes/education](http://floridarevenue.com/taxes/education).

Tax forms and publications are available at [floridarevenue.com/forms](http://floridarevenue.com/forms).

**To speak with a Department of Revenue representative**, call Taxpayer Services at 850-488-6800, Monday through Friday, excluding holidays.

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