



Sales and Use Tax on Repair of Tangible Personal Property

GT-800010
R.12/17

How sales tax applies to the repair of tangible personal property.

Definition

Tangible Personal Property – Personal property that may be seen, weighed, measured, touched, or is in any manner perceptible to the senses.

What is Taxable?

Parts and Materials – When a repair person supplies parts, the total charge to the customer for adjusting, applying, installing, maintaining, remodeling, or repairing tangible personal property is subject to sales tax and the applicable discretionary sales surtax. Sales tax and surtax apply even when parts are provided at no charge.

Labor Only for Repairs– Charges for repairs of tangible personal property needing only labor or service are not subject to sales tax or surtax. The dealer must keep documentation to prove **no** tangible personal property was joined with, or attached to, the repaired item.

Fabrication Only – Charges for fabrication are subject to sales tax and surtax. 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 the work performed on it.

Installation of Tangible Personal Property – The total amount charged for labor or services, when parts are furnished in the installation of the tangible personal property sold, but do not become a part of realty, is taxable even though such charges may be separately stated.

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

- Carpets, except those that become real property
- Drapes, slipcovers, bedspreads, curtains, blinds, or shades
- Equipment used to provide communications services installed on a customer's premises
- Garbage can 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
- Window air-conditioning units

Repairs Shipped into or Outside Florida – When tangible personal property is shipped into Florida, repaired, and then shipped back to its owner outside Florida by common carrier or mail, the amount charged for the repair is not subject to Florida sales tax or surtax. When a Florida dealer ships tangible personal property outside Florida to be repaired and the property is returned to Florida, the repair charge is subject to Florida sales tax and surtax.

Maintenance or Service Warranty Contracts – A service warranty is “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 a maintenance or service warranty contract, including an extended warranty, covering taxable tangible personal property is subject to sales tax and surtax.

Who Must Register to Collect Tax?

Any person who repairs tangible personal property for others must register with the Department. You can register to collect and report tax through our website. 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 *Florida Business Tax Application* (Form DR-1).

After we approve your registration, 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 not filing electronically, we will mail paper tax returns to you. The *Florida Annual Resale Certificate for Sales Tax* is used for tax-exempt purchases you intend to resell.

You may purchase materials and parts tax-exempt when the item, such as repair parts, bolts, nuts, welding rods, solder, paint, thinner, or oil, will become a part of the repaired item. Materials that **do not** become a part of the property repaired, but are used to make the repair, such as tools, sandpaper, steel wool, flux, or detergents, are subject to sales tax and surtax as overhead items. 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 the first day of the month and late after the 20th 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 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

We offer the use of our 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 our website.

You may voluntarily file and pay taxes electronically; however, if you pay \$20,000 or more in sales and use tax between July 1 and June 30 (the state fiscal year), you must use electronic funds transfer (EFT) for the next calendar year to pay your taxes.

If you make tax payments using electronic funds transfer (EFT), you must initiate electronic payments no later than 5:00 p.m., ET, on the business day before the 20th.

Penalty and Interest

Penalty – If you file your return or pay tax late, a late penalty of 10 percent 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 posted on our website.

Reference Material

Tax Laws – Our online Revenue Law Library contains statutes, rules, legislative changes, opinions, court cases, and publications. Search the library for:

- Rule 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-1.016, F.A.C. - Sales; Installation Charges
- 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* (GT-800013)
- *Florida’s Discretionary Sales Surtax* (GT-800019)
- *Florida Annual Resale Certificate for Sales Tax* (GT-800060)

Information, forms, and tutorials are available on our website **floridarevenue.com**.

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

To find a **taxpayer service center** near you, go to **floridarevenue.com/taxes/servicecenters**.

For written replies to tax questions, write to:

Taxpayer Services – MS 3-2000
Florida Department of Revenue
5050 W Tennessee St
Tallahassee FL 32399-0112

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