



## Tax Information Publication

# TIP

No: 23A01-17

Date Issued:  
July 5, 2023

### Exemption for Building Materials Used in Construction of Eligible Residential Units for Affordable Housing

**Effective July 1, 2023**, building materials used to construct eligible residential units for affordable housing are exempt from Florida sales and use tax. The exemption is available only through a refund of previously paid sales and use tax and only applies to sales of building materials that occur on or after July 1, 2023.

- “Affordable housing development” means property that has units subject to an agreement with the Florida Housing Finance Corporation pursuant to Chapter 420, Florida Statutes (F.S.), recorded in the official records of the county in which the property is located to provide affordable housing to natural persons or families meeting the extremely-low-income, very-low-income, or low-income limits specified in section 420.0004, F.S.
- “Building materials” means tangible personal property that becomes a component part of eligible residential units in an affordable housing development. The term includes appliances and does not include plants, landscaping, fencing, and hardscaping.
- “Eligible residential units” means newly constructed units within an affordable housing development that are restricted under the land use restriction agreement.
- “Newly constructed” means improvements to real property that did not previously exist or the construction of a new improvement where an old improvement was removed. The term does not include the renovation, restoration, rehabilitation, modification, alteration, or expansion of buildings already located on the parcel on which the eligible residential unit is built.

A refund may be claimed by:

- The person who owns the eligible residential unit at the time it is substantially completed.
- A municipality, county, other governmental unit or agency, or nonprofit community-based organization if the building materials are paid for from the funds of a community development block grant, the State Housing Initiatives Partnership Program, or a similar grant or loan program.

Only one exemption through a refund of previously paid taxes may be claimed for any eligible residential unit. A refund will not be granted unless the amount to be refunded exceeds \$500. In addition, the refund may not exceed the lesser of \$5,000 or 97.5% of the Florida sales or use tax paid on the cost of building materials.

The refund is claimed by completing and submitting the following to the Florida Department of Revenue (Department):

- **Form DR-26AH** (*Application for Refund of Sales and Use Tax on Building Materials Used in Construction of Eligible Residential Units for Affordable Housing*)
- **Form DR-26S** (*Sales and Use Tax – Application for Refund*)
- all required documentation

Visit the Department's **Forms and Publications webpage** to download the required refund forms or to file Form DR-26S online and then electronically submit a copy of Form DR-26AH and additional required documentation.

These forms and the required documentation must be filed with the Department within six months after the date the local building inspector determines the eligible residential unit is substantially completed or by November 1 after the improved property is first subject to assessment.

**References: Chapter 2023-17, Laws of Florida; Section 212.08(5)(u), Florida Statutes**

#### **For More Information**

This document is intended to alert you to the requirements contained in Florida laws and administrative rules. It does not by its own effect create rights or require compliance.

For forms and other information, visit the Department's website at [floridarevenue.com](http://floridarevenue.com) or call Taxpayer Services at 850-488-6800, Monday through Friday (excluding holidays).

For a detailed written response to your questions, write the Florida Department of Revenue, Taxpayer Services MS 3-2000, 5050 West Tennessee Street, Tallahassee, FL 32399-0112.

#### **Want the latest tax information?**

- ✓ Subscribe to our tax publications or sign up for due date reminders at **[floridarevenue.com/dor/subscribe](http://floridarevenue.com/dor/subscribe)**
- ✓ Visit the Taxpayer Education webpage at **[floridarevenue.com/taxes/education](http://floridarevenue.com/taxes/education)** for online guides and tutorials
- ✓ Follow us on **Twitter** and **Instagram**