

TIP 98A01-06  
DATE ISSUED: Jun 19, 1998

**Beginning July 1, 1998, Changes to the Sales Tax  
Exemption on Machinery and Equipment for Printers Take Effect**

Expanding printing firms are no longer required to meet a \$50,000 tax threshold before purchasing qualifying machinery and equipment tax exempt.

Printers making purchases between January 1 and June 30, 1998, are subject to the \$50,000 threshold during that time period. Any tax paid toward that threshold amount will not be eligible for a refund.

To qualify for the exemption, printing firms:

- \* Must apply for the exemption by filing Form DR-1214, Application for Temporary Tax Exemption Permit, with the Department of Revenue.
- \* Must register with the Work and Gain Economic Self-sufficiency (WAGES) Program before their application for exemption will be approved. For WAGES Program Business Registry information, contact the Florida Department of Labor and Employment Security at (800) 342-3450.
- \* Must show an increase in productive output of not less than 10 percent to qualify for the exemption .

If a printing firm has already made purchases of machinery and equipment, an application for refund of the taxes paid on the machinery and equipment will not be approved until such time as the printing firm has registered with the WAGES Program.

The following examples represent the maximum tax exemption available for purchases by a printer of qualified machinery and

equipment during 1998.

	Company A*		Company B**	
	1/1 - 7/1 -	7/1 - 12/31/98	1/1 - 7/1 -	7/1 - 12/31/98
	6/30/98	12/31/98	6/30/98	12/31/98
M&E Purchases	\$2,000,000	\$1,000,000	\$500,000	1,500,000
Tax Due	120,000	60,000	30,000	90,000
Threshold	(50,000)	(-0-)	(50,000)	(-0-)
Exemption (Per Period)	\$70,000	\$60,000	NONE	\$90,000
Total Exemption for 1998	\$130,000		\$90,000	

\* Company A purchased \$2,000,000 in printing machinery and equipment in March and \$1,000,000 in September. This would result in a tax liability of \$120,000 ( $\$2,000,000 \times 6\% = \$120,000$ ) and \$60,000 ( $\$1,000,000 \times 6\% = \$60,000$ ) respectively. Company A is subject to the \$50,000 tax threshold for the March purchases. Only the tax above the threshold amount is eligible for exemption or refund.

\*\* Company B purchased \$500,000 in printing machinery and equipment in February and \$1,500,000 in October. This would result in a tax liability of \$30,000 ( $\$500,000 \times 6\% = \$30,000$ ) and \$90,000 ( $\$1,500,000 \times 6\% = \$90,000$ ) respectively. Company B is subject to the \$50,000 tax threshold for the February purchases. The tax which did not exceed the threshold amount is not eligible for exemption or refund.

#### 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 more information call Tax Information Services, Monday - Friday, 8:00 a.m. to 5:00 p.m., ET, at 850-488-6800.

Hearing or speech impaired persons should call our TDD at 1-800-367-8331 or 850-922-1115.

For a detailed written response to your questions, write the Florida Department of Revenue, PO Box 7443, Tallahassee, FL 32314-7443.

Also, visit our Web site at <http://sun6.dms.state.fl.us/dor/> for forms and other information.

Get tax forms quickly by FAX ON DEMAND. Call 850-922-3676, twenty-four hours a day, seven days a week, using your fax machine handset and follow the instructions.

References:

Ch. 98-252, L.O.F.

s. 212.08(5)(b), F.S.