

Florida Department of Revenue
Tax Information Publication

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New Legislation Regarding Use Tax Liability Of Motor Vehicle
Dealers

Exempt Loaner Vehicles

No sales or use tax and no rental car surcharge are due on a motor vehicle that is loaned at no charge (no monetary consideration is given for use of the loaner vehicle) by a motor vehicle dealer under the following circumstances:

- * The vehicle is loaned to a person whose vehicle is being repaired, adjusted, or serviced by the dealer providing the replacement vehicle; or,
- * The vehicle is loaned to a high school for use in its driver education and safety program; or,
- * The vehicle is loaned by the dealer in connection with its business for demonstration purposes, provided that the dealer has obtained a dealer's license plate for such vehicle, pursuant to section 320.08(12), F.S., and has paid the appropriate \$27 use tax on said dealer's license plate.

Dealers are required to maintain adequate records to support the exemption from use tax on the loan of any vehicle at no charge.

Taxable Loan Vehicles

Beginning July 1, 1998, all other loans of a motor vehicle at no charge by motor vehicle dealers are subject to use tax based on the annual lease value as determined by the United States Internal Revenue Service's Automobile Annual Lease Value Table shown below. Solely for purposes of sales/use tax on loaner

vehicles, the phrase "no charge" means that no monetary consideration is being exchanged for the use of the motor vehicle. If monetary consideration is being given to a motor vehicle dealer in exchange for the use of a vehicle, the value of all consideration for the use of the vehicle will be the basis of determining sales tax, and the lease value table will not be applicable to the transaction.

To calculate the amount of use tax due, determine the annual lease value of a motor vehicle as follows:

1) Determine the Fair Market Value (FMV) of the motor vehicle.

The FMV shall not be less than the manufacturer's invoice price (including optional equipment for previously untitled vehicles) or the dealer's cost to acquire a previously titled vehicle plus any cost involved in making the vehicle available for loan. If a vehicle, for which no dealer's license plate has been obtained, is loaned to an employee, the Fair Market Value should be the same as that which is used to compute the annual lease value for purposes of determining the fringe benefit reportable as employee wages to the Internal Revenue Service.

2) Using the Annual Lease Value Table, find the dollar range

in column 1 within which the FMV of the motor vehicle falls. The corresponding amount in column 2 is the annual lease value. Divide the annual lease value by 365.

Multiply that amount by the number of days the motor vehicle is loaned during each month. Tax is computed by multiplying that amount by 6 percent, plus any applicable surtax.

NOTE: The use tax is to be remitted by the dealer for each month the motor vehicle is on loan.

The following table shall be used to determine the annual lease value for "no charge" loaner motor vehicles:

Annual Lease Value Table

(1)

(2)

Automobile fair market value	<u>Annual Lease Value</u>
\$0 to 999	\$ 600
1,000 to 1,999	850
2,000 to 2,999	1,100
3,000 to 3,999	1,350
4,000 to 4,999	1,600
5,000 to 5,999	1,850
6,000 to 6,999	2,100
7,000 to 7,999	2,350
8,000 to 8,999	2,600
9,000 to 9,999	2,850
10,000 to 10,999	3,100
11,000 to 11,999	3,350
12,000 to 12,999	3,600
13,000 to 13,999	3,850
14,000 to 14,999	4,100
15,000 to 15,999	4,350
16,000 to 16,999	4,600
17,000 to 17,999	4,850
18,000 to 18,999	5,100
19,000 to 19,999	5,350
20,000 to 20,999	5,600
21,000 to 21,999	5,850
22,000 to 22,999	6,100
23,000 to 23,999	6,350
24,000 to 24,999	6,600
25,000 to 25,999	6,850
26,000 to 27,999	7,250
28,000 to 29,999	7,750
30,000 to 31,999	8,250
32,000 to 33,999	8,750
34,000 to 35,999	9,250
36,000 to 37,999	9,750
38,000 to 39,999	10,250
40,000 to 41,999	10,750
42,000 to 43,999	11,250
44,000 to 45,999	11,750
46,000 to 47,999	12,250
48,000 to 49,999	12,750
50,000 to 51,999	13,250

52,000 to 53,999	13,750
54,000 to 55,999	14,250
56,000 to 57,999	14,750
58,000 to 59,999	15,250

For vehicles with a FMV of more than \$59,999, the annual lease value equals:

$(0.25 \times \text{the FMV of the automobile}) + \$500.$

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:

FLORIDA DEPARTMENT OF REVENUE

P.O. BOX 7443

TALLAHASSEE FL 32314-7443

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. 98-140, L.O.F.

Ch. 98-342, L.O.F.

s. 212.02(20), F.S.

s. 212.0601, F.S.

s. 212.0606, F.S.