

TIP 98A01-07
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SALES TAX TREATMENT FOR MOTOR VEHICLE LEASES AND RENTALS

The 1998 Florida Legislature made changes affecting the sales tax treatment for the lease or rental of motor vehicles. These changes are effective July 1, 1998.

DETERMINING WHETHER FLORIDA SALES TAX AND RENTAL CAR SURCHARGE ARE DUE

Motor vehicle leases or rentals for a period of less than 12 months

If a contract to lease or rent a motor vehicle (other than a commercial motor vehicle) is entered into in Florida, the entire charge for such lease or rental is subject to Florida sales tax and the applicable rental car surcharge. The sales tax and surcharge apply even if the vehicle is used or dropped off in another state, and even if payment for the lease or rental is made in another state.

If a contract to lease or rent a motor vehicle (other than certain commercial motor vehicles) is entered into in another state, the rental is exempt from Florida sales tax and the rental car surcharge. The exemption applies even if the vehicle is used or dropped off in Florida, and even if payment for the lease or rental is made in Florida.

Note: The \$2.00 per day rental car surcharge applies only to the first 30 days of each rental.

Motor vehicle leases or rentals for a period of 12 months or more

Sales tax on the lease or rental of a motor vehicle (other than certain commercial motor vehicles) is due if the vehicle is registered in Florida. However, no tax is due on the lease payments, even if the motor vehicle is registered in Florida, if the taxpayer documents that the vehicle is being used outside Florida and sales tax is being paid on the lease or rental payments to another state.

Note: The \$2.00 per day rental car surcharge applies to the first 30 days after the vehicle is registered in Florida.

EXEMPTION FOR LEASE PAYMENTS FOR CERTAIN COMMERCIAL MOTOR VEHICLES

The payments for the lease or rental of a commercial motor vehicle, which is self-propelled or towed and used on the public highways in commerce to transport persons or cargo and has a gross weight of 10,000 pounds or more, are exempt if the following requirements are met:

- * the vehicle is leased to one lessee for a period of at least twelve months; and,
- * tax was paid on the purchase price of the vehicle by the lessor.

If these requirements are met, the rental of the commercial motor vehicle to the initial lessee and renewals thereof to the same lessee are not subject to sales tax. The rental of the same commercial motor vehicle to subsequent lessees by the owner/lessor is subject to sales tax.

If a lessor purchases a commercial motor vehicle in another state, territory of the United States, or the District of Columbia, and the vehicle is used or registered in Florida, Florida use tax is due on the purchase price of the vehicle. However, the Florida use tax due will be reduced by the sales tax paid in another state, territory of the United States, or the District of Columbia.

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. 98-140, L.O.F.

s. 212.05(1)(c), F.S.