



TIP

Tax Information Publication

TIP #14A01-06
Date Issued:
08/08/14

2014 Sales Tax Holiday for New Energy Star and WaterSense Products

September 19 through September 21, 2014

This holiday begins at 12:01 a.m. on Friday, September 19, 2014, and ends at 11:59 p.m. on Sunday, September 21, 2014.

Notice to Businesses with Multiple Locations

This publication is being mailed to the main office of your business. This publication was not mailed to each of your locations. Please be sure to notify all of your individual store locations about this sales tax holiday and the specific provisions in this publication. A list of qualifying items and a copy of this publication are available on our website: www.myflorida.com/dor

During this holiday period, Florida law directs that no sales tax or local option tax (also known as discretionary sales surtax) will be collected on the **first \$1,500** of the sales price of a new qualifying Energy Star or WaterSense product. **The exemption is limited to a single purchase for each specific type of qualifying item having a sales price of \$500 or more.** There are no quantity limits on qualifying items with a sales price of less than \$500.

Qualifying Energy Star Products

- Air purifier
- Ceiling fan
- Clothes washer
- Dehumidifier
- Dishwasher
- Freezer
- Light bulbs (packages)
- Refrigerator
- Room air conditioner
- Swimming pool pump
- Water heater

An Energy Star item must be designated by the United States Environmental Protection Agency and the United States Department of Energy as meeting or exceeding the requirements under the Energy Star Program. An Energy Star label must be affixed to the product.

Reference: Section 21, Chapter 2014-38, Laws of Florida

Qualifying WaterSense Products

- Bathroom sink faucet
- Faucet accessory
- High-efficiency toilet or urinal
- Showerhead
- Weather or sensor-based irrigation controller

A WaterSense item must be recognized as water efficient by the WaterSense Program sponsored by the United States Environmental Protection Agency. A WaterSense label must be affixed to the product.

This holiday **does not apply** to the rental or repair of any of these items.

For a list of qualifying items,
scan this QR code.



Single Purchase Limitation

Each person is **limited to a single purchase** of each specific type of qualifying item with a sales price of **\$500 or more**. A second purchase of the same type of qualifying item with a sales price of \$500 or more will be subject to tax. There are no quantity limits on qualifying items with a sales price of less than \$500.

Example 1: A customer buys several Energy Star appliances including a refrigerator for \$1,499, a freezer for \$999, a water heater for \$899, a compact refrigerator for \$199, and four (4) WaterSense bathroom sink faucets at \$149 each. The total sales price of \$4,192 qualifies for the exemption.

Example 2: A customer buys several Energy Star appliances including two refrigerators for \$1,599 each, and a compact refrigerator for \$199. The first Energy Star refrigerator qualifies for the exemption; however, the second refrigerator does not qualify for the exemption because the sales price is greater than \$500 and the customer purchased two of the same type of qualifying product. The compact refrigerator, although the same type of product, qualifies for the exemption because the sales price is less than \$500. The first \$1,500 of the sales price of the first refrigerator, and the sales price of \$199 for the compact refrigerator, qualify for the exemption. The sales prices of \$99 (the amount above \$1,500) for the first refrigerator and \$1,599 for the second refrigerator are subject to tax.

Installation Charges

When a qualifying energy-efficient product does not become a part of realty and remains tangible personal property when installed, any separately itemized charge for the installation of the product is a part of the sales price of the product and is exempt when the total sales price of the qualifying Energy Star or WaterSense product is \$1,500 or less.

Example 1: A customer buys an Energy Star window air conditioner for \$350. The store charges \$99 to install the window air conditioner at the customer's home. The purchaser pays \$449 for the window air conditioner and the installation. The sales price of \$449 qualifies for the exemption because the window air conditioner will remain tangible personal property after installation.

Example 2: A contractor installs a WaterSense showerhead for a customer. The contractor sells the showerhead to the customer for \$149 and charges the customer \$75 to install the showerhead. The \$149 sales price of the showerhead is exempt. The installation charge of \$75 is subject to tax because once installed, the showerhead becomes a part of realty.

Service Warranties

The taxation of any charges for a service warranty contract depends on the taxability of the product being sold. If the retail sale of an item is exempt from tax, the charge for a service warranty sold with the item is exempt.

Example: A customer buys an Energy Star swimming pool pump for \$499. The customer also purchases a 5-year extended protection plan (a service warranty) for \$149. The sales price of \$648 for the pump and the service warranty qualify for the exemption.

Coupons, Discounts, and Rebates

The sales price of an item includes all consideration received by the retailer for that item. The price of an item is not limited to the amount paid by a customer. A coupon, discount, or rebate offered by the retail seller reduces the sales price of an item because it reduces the total amount received by the retail seller for the item.

When a retailer is reimbursed for the amount of any discount created by a manufacturer's coupon, discount, or rebate, the amount of the reimbursement is included in the taxable sales price of the item.

Example 1: A customer buys an Energy Star refrigerator for \$1,795. The retailer is offering a 10% discount. After applying the 10% discount, the final amount received by the seller for the refrigerator (the sales price) is \$1,615.50. The first \$1,500 of the sales price of the refrigerator is exempt and the remaining \$115.50 of the sales price is subject to tax.

Example 2: A customer buys an Energy Star freezer for \$1,549. The manufacturer is offering a \$50 instant rebate that is redeemed when the freezer is sold. Although the purchaser pays \$1,499, the retailer's sales price remains at \$1,549 because the retailer will receive a total of \$1,549 for the item: \$1,499 from the purchaser and \$50 from the manufacturer. The first \$1,500 of the sales price of the freezer is exempt and the remaining \$49 of the sales price is subject to tax.

Example 3: An Energy Star refrigerator sells for \$2,599. The store is offering an instant rebate of \$75 for the purchase of the refrigerator. The customer redeems the \$75 store rebate and pays the retailer \$2,524 for the refrigerator. The retailer's sales price is reduced to \$2,524 and the first \$1,500 of the sales price of the refrigerator qualifies for the exemption. The remaining \$1,024 of the sales price is subject to tax.

Gift Cards

The sale of a gift card is not taxable. A gift card does not reduce the selling price of an item. Qualifying items purchased during the holiday period using a gift card

will qualify for the exemption, regardless of when the gift card was purchased. Qualifying items purchased with a gift card after the holiday period are taxable, even if the gift card was purchased during the holiday period.

Exchanging a Purchase after the Holiday Expires

When a customer purchases a qualifying item during the holiday period, then later exchanges the item for the same item (e.g., different model or different color), no tax will be due even if the exchange is made after the holiday period.

When a customer purchases a qualifying item during the holiday period, then later returns the item and receives credit on the purchase of a different item, the new item purchased is subject to sales tax.

Mail-Order Sales

Qualifying items purchased by mail order, catalog, or through the Internet are exempt when the order is accepted by the company during the holiday period for immediate shipment, even if delivery is made after the holiday period.

Shipping and Handling

When shipping and handling charges are part of the sales price of an item, and multiple items are shipped on a single invoice or receipt, the shipping and handling charge must be fairly assigned to each item on the invoice or receipt to determine if an item is exempt during the holiday.

Rain Checks

Qualifying items purchased during the holiday period using a rain check will qualify for the exemption regardless of when the rain check was issued. However, issuance of a rain check during the holiday period will not qualify an item for the exemption if the item is purchased after the holiday period.

Layaway Sales

A layaway sale is a transaction where merchandise is set aside for future delivery to a customer who makes a deposit, agrees to pay the balance of the purchase price over a period of time, and receives the merchandise at the end of the payment period.

Qualifying items sold as layaway sales qualify for the exemption when the customer:

- Takes delivery of the merchandise during the holiday period, or
- Puts a qualifying item on layaway, even if final payment is made after the holiday period.

Recordkeeping

Sales of qualifying items sold during the holiday period should be reported as exempt sales on your sales tax return.

For Bay County Dealers Only

Panama City and Panama City Beach impose a *1% merchant's license fee* or tax on retailers. The merchant's license fee is included in the sales price of each item. If the fee is separately stated, it must be assigned to the sales price of each item on the invoice to determine if an item is exempt during the holiday.

Example: A customer purchases an Energy Star refrigerator in Panama City for \$1,495.

Price of refrigerator	\$1,495.00
1% merchant's license fee	+ \$ 14.95
Taxable value of refrigerator	\$1,509.95

The first \$1,500 of the refrigerator is exempt. The remaining \$9.95 is subject to sales tax and the Bay County local option surtax.

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 our website at www.myflorida.com/dor or call Taxpayer Services, 8 a.m. to 7 p.m., ET, Monday through Friday, excluding holidays, at 800-352-3671.

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

E-Services - To file and pay sales and use tax electronically (e-file and e-pay), visit our website.

Want the latest tax information?

- ✓ Subscribe to our tax publications or sign up for due date reminders at www.myflorida.com/dor/list
- ✓ Follow us on Twitter @MyFLDOR_TaxInfo



Florida Department of Revenue
5050 W Tennessee St
Tallahassee, FL 32399-0100

PRSR STD
U.S. POSTAGE
PAID
FL DEPT OF
REVENUE

Open Immediately

**Sales Tax Holiday for
New Energy Star and WaterSense Products
September 19 through September 21, 2014**

Sales Tax Holiday

For New Energy Star and WaterSense Products

September 19 through September 21, 2014

*****Information Enclosed*****

Prior to the sales tax holiday, a list of qualifying items, frequently asked questions, examples, and additional information will be available on our website: www.myflorida.com/dor