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PARTNER INFORMATION

SALES AND USE TAX EXEMPTION ON MACHINERY AND EQUIPMENT

How It Works

SUMMARY

The Sales and Use Tax Exemption on Machinery and Equipment is an incentive made available to new and expanding businesses who use such equipment at a fixed location to manufacture, process, compound, or produce tangible personal property for sale, or for exclusive use in spaceport activities. (Section 212.08 (5) (b), Florida Statutes)

ELIGIBILITY

➤ **New Manufacturers**

In order to qualify for the new business exemption, the machinery and equipment must have been purchased, or a purchase agreement made, prior to the date the business first begins to produce a product for inventory or immediate sale. If a purchase agreement was made prior to the beginning of production, such machinery and equipment must be received within twelve months of the date that production began.

➤ **Expanding Manufacturers**

Industrial machinery and equipment is exempt from tax when purchased by an expanding business for the purpose of increasing “productive output” by not less than ten percent. Sales or use tax of \$50,000 for each calendar year of the expansion project must be paid before the exemption or refund is available.

➤ **Printing and Publishing**

Printing firms now qualify for the new or expanding business exemption and are not subject to the \$50,000 payment of sales or use tax requirement.

➤ **Mining Activities**

Those businesses engaged in mining activities may now qualify for the exemption. However, those businesses may only receive the exemption by way of a future credit against taxes. Mining businesses must also demonstrate the creation of new Florida jobs in addition to the other exemption criteria that are applicable to non-mining businesses.

➤ **Exclusions**

The exemption statute specifically excludes electric utility companies, communications companies, oil or gas exploration or production operations, publishing firms that do not export at least 50 percent of their finished product out of the state, and any firm subject to regulation by the Division of Hotels and Restaurants of the Department of Business Regulation.

➤ **Repair and Labor Charges**

Exemption on the sales tax on labor charges for the repair of, and parts and materials used in the repair of and incorporated into, industrial machinery and equipment that qualify for the sales tax exemption is also exempt. [Florida Statute, 212.08 \(7\) \(xx\)](#)

➤ **Pollution Control Equipment**

Sales, use or privilege taxes shall not be collected with respect to any facility or machinery used primarily for the control of pollution in manufacturing, processing, compounding, or producing for sale items of tangible personal property at a fixed location. To qualify, such facility or machinery must be installed to meet a law implemented by the Department of Environmental Protection. The purchaser must sign a certificate stating that the facility or machinery to be exempted is required to meet such law or condition. [Florida Statutes Chapter 212.051](#)

APPLICATION PROCESS

To access this exemption the following process is required:

- Register for sales and use tax purposes with the Florida Department of Revenue (Form DR-1) and obtain a certificate of registration for each business location conducting business in Florida.
- Submit an Application for Temporary Tax Exemption Permit (Form DR-1214). Businesses are encouraged to file this form as early as possible in advance of making their machinery and equipment purchases.

CLAIMING THE EXEMPTION

- Upon approval by the Department of Revenue, a Temporary Tax Exemption Permit will be issued to the qualifying business or instructions will be given on how to obtain a refund of previously paid taxes. A business may extend a copy of its Temporary Tax Exemption Permit to its vendors or to its authorized contractor(s) for the purpose of purchasing qualifying machinery and equipment for the new or expanding business. The authorized contractor(s) may, likewise, extend the Temporary Tax Exemption Permit to its vendor(s) for use in purchasing qualifying machinery and equipment tax exempt.

FOR MORE INFORMATION

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

Statutory Reference: [Florida Statutes, 212.08](#)