

Tax Advantages for Businesses

Sales and Use Tax

Administered in Part by the Fla. Dept. of Revenue

Machinery & Equipment Incentives

Machinery and Equipment Used by a New or Expanding Business to Increase Productive Output (exemption)

- Machinery for a new business must be ordered before the start of productive operations and received within 12 months of the date the business begins its productive operations.
- “Industrial machinery and equipment” means tangible personal property or other property that has a depreciable life of 3 years or more and is used as an integral part in the manufacturing, processing, compounding, or production of tangible personal property for sale or is exclusively used in spaceport activities. Section 212.08(5)(b), Florida Statutes (F.S.), also specifies the machinery and equipment that do not qualify for this exemption.
- Expanding businesses must show a minimum 5% increase in productive output.

References: Section 212.08(5)(b), F.S., Rule Chapter 12A-1.096, Florida Administrative Code (F.A.C.)

Machinery and Equipment Used to Produce Electricity or Steam (exemption)

- This exemption is available to facilities that burn boiler fuels, other than residual oil.
- The electrical or steam energy must be primarily used for manufacturing, processing, compounding, or producing for sale, items of tangible personal property in Florida.
- If a facility burns both residual and nonresidual fuels, the exemption is prorated.
- If 15% or less of all electrical or steam energy produced is from using residual oil, the full exemption applies.

References: Section 212.08(5)(c), F.S.

Industrial Machinery and Equipment Purchases for Eligible Manufacturing Businesses (exemption)

- Effective April 30, 2014, purchases of industrial machinery and equipment used at a fixed location in Florida by eligible businesses that manufacture, process, compound, or produce for sale items of tangible personal property are exempt from sales and use tax.
- An “eligible business” is any business whose primary business activity at the location where the machinery and equipment are located is within an industry classified under NAICS (North American Industry Classification System) codes 31, 32, or 33 (manufacturing).
- The exemption also includes parts and accessories for the industrial machinery and equipment if they are purchased before the date the machinery and equipment are placed in service.
- This exemption is set for repeal on April 30, 2017.

References: Section 212.08(7)(kkk), F.S., Tax Information Publication (TIP) 13A01-06

Machinery and Equipment and Other Materials for Pollution Control (exemption)

- Purchases of machinery and equipment must be used primarily to control or abate pollutants resulting from manufacturing, processing, compounding, or producing for sale items of tangible personal property at a fixed location.
- Manufacturing facilities. Exemption applies to:
 - Facilities
 - Devices
 - Fixtures
 - Equipment
 - Machinery
 - Specialty chemicals (as defined by statute)
 - Bioaugmentation products (as defined by statute)
- Privately owned or operated landfills. Exemption applies to equipment, machinery, and materials.
- Construction and demolition debris disposal facilities. Exemption applies to equipment, machinery, and materials.
- Qualifying purchases must be used, installed, or constructed to meet a law enforced by, or a condition of a permit issued by, the Department of Environmental Protection.

References: Section 212.051, F.S., TIP 00A01-17

Machinery and Equipment Used in Semiconductor, Defense, or Space Technology Production (exemption)

- Exemption of tax on machinery and equipment purchased by a certified semiconductor facility (including expansion of *clean rooms* in semiconductor-manufacturing facilities), or by a certified defense or space technology facility for use in the manufacture of their respective products for sale as defined by statute.
- Certification is obtained under an application process conducted jointly by the Department of Economic Opportunity and Enterprise Florida, Inc.
- A business certified to receive this exemption may elect to designate one or more state universities or community colleges as recipients of up to 100 % of the amount of the exemption.

References: Section 212.08(5)(j), F.S.

Machinery and Equipment Used for Research and Development (exemption)

- Purchases of machinery and equipment used predominantly (at least 50%) for research and development as defined in subsection 212.08(18), F.S., are exempt from sales and use tax.
- “Machinery and equipment” includes, but is not limited to, molds, dies, machine tooling, other appurtenances or accessories to machinery and equipment, testing and measuring equipment, test beds, computers, and software, whether purchased or self-fabricated, and, if self-fabricated, includes materials and labor for design, fabrication, and assembly.
- “Research and development” does not include ordinary testing or inspection of materials or products used for quality control, market research, efficiency surveys, consumer surveys, advertising and promotions, management studies, or research in connection with literary, historical, social science, psychological, or other similar nontechnical activities.

References: Section 212.08(18), F.S., Rule Chapter 12A-1.043, F.A.C.

Machinery, Equipment, and Other Materials for Renewable Energy Technologies (refund)

The purchaser is eligible for a one-time, per item refund of previously paid tax if:

- Machinery, equipment, and other materials for renewable technologies were certified as eligible for a refund by the Florida Department of Agriculture and Consumer Services.
- The statewide total refund authorized for all taxpayers is \$1 million per state fiscal year.
- Examples of eligible items: Materials used in the distribution of biodiesel, ethanol, and other renewable fuels, including fueling infrastructure, transportation, storage for fuels, and gasoline fueling station pump retrofits.
- This refund program expires July 1, 2016.

References: Section 212.08(7)(hhh), F.S., TIP 12A01-09

Energy Incentives

Electricity or Steam Used to Operate Certain Equipment and Machinery (exemption)

- Exemption is available only to businesses classified under certain SIC Industry Major Groups for mining, construction and manufacturing (that use 50% or more of the electricity or steam to operate qualifying machinery and equipment).
- 100% exemption if 75% or more of the electricity or steam is used to operate qualifying machinery and equipment.
- 50% exemption if less than 75%, but 50% or more of the electricity or steam is used to operate qualifying machinery and equipment.
- No exemption if less than 50% of the electricity or steam is used to operate qualifying machinery and equipment.

References: Section 212.08(7)(ff), F.S., TIP 00A01-14

Boiler Fuels Used for Certain Industrial Manufacturing Processes (exemption)

- Exempts boiler fuels when purchased for use as a combustible fuel (purchases of natural gas, residual oil, recycled oil, waste oil, solid waste material, coal, sulfur, wood, wood residue or wood bark), in the manufacturing, processing, compounding, or production of tangible personal property for sale in Florida.
- This exemption does not apply to boiler fuels used by a firm regulated by the Department of Business and Professional Regulation, Division of Hotels and Restaurants.

References: Section 212.08(7)(b), F.S., Rule Chapter 12A-1.059,F.A.C.

Solar Energy Systems (exemption)

- Exemption is available to individuals and companies.
- Eligible systems must convert sunlight into energy for use as a power source for another system.
- Applies to equipment and any component currently certified by Florida Solar Energy Center as a qualifying solar energy component: solar collectors, pumps and controls, photovoltaic power conditioning equipment, energy storage units, and accessories integral to a qualifying system.
- Exemption is not available when the cost of the solar equipment cannot be separated from the total cost of the product (i.e., patio lights, calculators, novelty items).

References: Section 212.08(7)(hh), F.S., TIP 05A01-05

Electricity Used for Agricultural Purposes (exemption)

- Electricity used for the production and processing of agricultural farm products on a farm is exempt from sales and use tax if the electricity is separately metered.
- Also exempt from sales and use tax is electricity used for the packing of agricultural products on a farm, or electricity used in a packinghouse production, packing or processing of agricultural products; including packinghouses that are not located on a farm.
- Exemption does not apply to electricity used in buildings or structures where agricultural products are sold at retail.

References: Sections 212.02(28), (32); 212.08(5)(e), and 212.085, F.S., TIP 07A01-05, TIP12A01-07

Natural Gas Used to Generate Electricity in a Non-Combustion Fuel Cell Used in Stationary Equipment (exemption)

- Natural gas used to generate electricity in a non-combustion fuel cell in stationary equipment is exempt from sales and use tax.

References: Section 212.08(4)(a), F.S., TIP 13A01-08

Electrical Energy Used in an Enterprise Zone (exemption)

- Exemption from municipal utility taxes for up to 5 years.
- Percentage of exemption may be increased from 50% to 100% based on the percentage of full-time employees who are residents of a Florida enterprise zone.

References: Section 212.08(15), F.S., Enterprise Florida (www.eflorida.com)

Entertainment Industry Incentives

Motion Picture or Video Equipment Used in Motion Picture or Television Production Activities and Sound Recording Equipment Used in the Production of Master Tapes and Master Records (exemption)

- Exemption on the purchase or lease of certain motion picture or video equipment and sound recording equipment used only as an integral part of the production activities in Florida.
- Equipment must have a depreciable life of 3 years or more.
- Production companies with a certificate of exemption issued under s. 288.1258, F. S., are eligible.

References: Section 212.08(5)(f), F.S., TIP 00A01-41, The Department of Economic Opportunity - Florida Office of Film and Entertainment (www.filminflorida.com)

Entertainment Industry Financial Incentive Program (credit)

- Credit must be approved by the Department of Economic Opportunity, Florida Office of Film and Entertainment under the guidelines in s. 288.1254, F.S.
- The credit can be carried forward for 5 years.

References: Sections 212.08(5)(q) and 288.1254, F.S., The Department of Economic Opportunity - Florida Office of Film and Entertainment (www.filminflorida.com)

Enterprise Zone Incentives

Enterprise Zone Jobs Credit (credit)

- Businesses located in an enterprise zone that increased the number of full-time employees in the previous 12 months, or added at least 5 new full-time employees, may be eligible for the credit.
- The new employees may be leased employees.
- Credit is allowed for up to 24 consecutive months.
- Credit is limited to the amount due on each return. No refund or carry-forward is allowed.
- Amount of credit depends on employee category and the percentage of full-time employees who are residents of a Florida enterprise zone.
- A business cannot claim the credit against sales and use tax if it has already claimed it for corporate income tax or insurance premium tax.

References: Section 212.096, F.S., TIP 01A01-06, TIP 06ADM-02, Enterprise Florida (www.eflorida.com)

Building Materials Used to Rehabilitate Real Property Located in an Enterprise Zone (refund)

- Eligible materials used in the rehabilitation of real property located in an enterprise zone are eligible for a refund of previously paid sales and use tax. The refund amount is subject to minimum and maximum dollar amounts.
- Eligible recipients may be: owner, lessee, lessor, nonprofit community-based organization, city, county, or other government organization.
- Maximum refund amount may be increased based on the percentage of permanent, full-time employees who are residents of a Florida enterprise zone.
- Only one refund is allowed for each parcel of real property unless there is a change in ownership, a new lessor, or a new lessee of the real property.

References: Section 212.08(5)(g), F.S., TIP 01A01-06, TIP 10A01-26, TIP 06ADM-02, Enterprise Florida (www.eflorida.com)

Business Property Used in an Enterprise Zone (refund)

- Eligible property includes office and warehouse equipment, and some industrial machinery and equipment used by businesses in an enterprise zone.
- Property must be used only in an enterprise zone for at least 3 years.
- Refund is subject to a minimum and maximum dollar amount.
- Maximum refund amount may be increased based on the percentage of permanent, full-time employees who are residents of a Florida enterprise zone.

References: Section 212.08(5)(h), F.S., Enterprise Florida (www.eflorida.com)

Building Materials in Brownfield Redevelopment Projects (refund)

- The owner of a redevelopment project located within an urban high-crime area, an enterprise zone, an empowerment zone, a Front Porch Community, a designated brownfield area, or certain urban infill areas may apply for a refund of sales tax paid on building materials used in the project.
- Each “brownfield area” in which housing projects or mixed-use projects are constructed must be a brownfield site for which a rehabilitation agreement with the Department of Environmental Protection has been executed, and any abutting real property parcel within a brownfield area.
- An application for refund must be submitted within 6 months after the date the project is deemed to be substantially complete.

References: Section 212.08(5)(o), F.S., Section 288.107, F.S., TIP 13A01-10

Research, Development, and Labor Incentives

Research or Development Costs (exemption)

- Exemption is available to a company or an individual.
- Exemption applies only to the cost price of tangible personal property incorporated or fabricated into the end product.
- Excludes ordinary testing, quality control inspections, market research, surveys, and research in nontechnical areas such as literary, historical, or social sciences.
- Results of research and development must be commercially exploitable but the sale of a resulting product is not required.

References: Section 212.052, F.S., Rule Chapter 12A-1.043, F.A.C.

Certain Repair and Labor Charges (exemption)

- This sales and use tax exemption is available to businesses classified under specified Standard Industry Code (SIC) Major Groups for mining, construction, and manufacturing.
- Exempts labor charges for the repair of, and parts and materials used in the repair of and incorporated into industrial machinery and equipment which is used for the manufacture, processing, compounding, production, or preparation for shipping of items of tangible personal property at a fixed location within Florida.

References: Section 212.08(7)(xx), F.S. , TIP 00A01-15