



**Suggested Format for Blanket Exemption Certificate Based on Property's Use**

DR-97  
R. 07/05

The Department of Revenue **does not supply** a blanket certificate of exemption form. We do provide this suggested format that you may use in accordance with Rule 12A-1.038, Florida Administrative Code (F.A.C.). Generic certificates are available at your local office supply store for a nominal fee. If you prefer, your printer can prepare a certificate to suit your particular needs as long as it contains the essential information set out below.

**Suggested Format Blanket Exemption Certificate  
In Accordance with Rule 12A-1.038, F.A.C.**

This is to certify that the tangible personal property purchased, leased, licensed, or rented; or services purchased on or after 10-29-08 (date) from SCANSOURCE, INC. (selling dealer's business name) is purchased, leased, licensed, or rented for the following purpose as checked in the space provided below. **Note:** This is not intended to be an exhaustive list.

- Materials, containers, labels, sacks, bags, or similar items intended to accompany a product for sale at other than retail, as provided in section 212.02(14)(c), Florida Statutes (F.S.), by persons who are not required to be registered under s. 212.18(3), F.S.
- Educational materials, such as glue, paper, paints, crayons, unique craft items, scissors, books, and educational toys, purchased by child care facilities outlined in s. 402.305, F.S., that hold a current license under s. 402.308, F.S., hold a current Gold Seal Quality Care designation as provided in s. 402.281, F.S., and provide employees with basic health insurance as defined in s. 627.6699(12), F.S., as provided in s. 212.08(5)(m), F.S.
- Incorporation into items of tangible personal property manufactured, produced, compounded, processed, or fabricated for one's own use, as provided in Rule 12A-1.043, F.A.C.
- Printing of a publication exempt under the provisions of s. 212.08(7)(w), F.S.
- Motor vehicle rented or leased by a dealer who will provide the motor vehicle at no charge to a person whose motor vehicle is being repaired, adjusted, or serviced by dealer, as provided in s. 212.0601(4), F.S.
- Items, such as paper and ink, that will be incorporated into and become a component part of a publication exempt under the provisions of s. 212.08(7)(w), F.S.

Other (include description and statutory citation):  
12A-1.0015(2)(b) Possession of the item is not taken in Florida.  
Items will be immediately exported

**Note:** There are other suggested formats for exemption certificates based on the use of the property or services that are provided in other sections of Rule Chapter 12A-1, F.A.C. and in Tax Information Publications (TIPs) issued by the Department.

**I understand that if I use the property or service for any nonexempt purpose, I must pay tax on the purchase or lease price of the taxable property or service directly to the Department of Revenue.**

**I understand that if I fraudulently issue this certificate to evade the payment of sales tax, I will be liable for payment of the sales tax plus a penalty of 200 percent of the tax and may be subject to conviction of a third degree felony.**

The exemption specified by the purchaser may be verified by calling 800-352-3671.

Purchaser's name: \_\_\_\_\_

Purchaser's address: \_\_\_\_\_

Name and title of purchaser's authorized representative: \_\_\_\_\_

By: \_\_\_\_\_  
(Signature of purchaser or authorized representative)

Title: \_\_\_\_\_ Date: \_\_\_\_\_  
(Title - only if purchased by an authorized representative of a business entity)

collect tax on the total sales price of tangible personal property it sells. The dealer should also pay use tax on the fabricated cost of materials it fabricates and installs in a contract for the improvement of real property (See TAA 05A-003).

### ***Fabrication of Tangible Personal Property***

Fabrication of tangible personal property can be a difficult situation. For example, if glass is cut to size for a particular job at the shop, regardless of whether any further activities are performed in regard to the glass at the shop, that cutting is taxable fabrication because the glass has been transformed from raw material (the uncut piece of glass) into customized components to be used in performing a real property contract. If glass is cut at the shop solely to facilitate its safe handling and transport to a job site for further cutting, processing, and installation, the cutting that occurs at the shop is not taxable fabrication because it does not result in the product that will be used in performing the real property contract (See TAA 00A-046).

### ***Commercial Rent and Pyramiding***

A retailer may also lease part of the business' square footage to another retailer (See TAA 04A-068 for information regarding related party commercial real property rentals). In such instances, the auditor should verify that sales tax is being properly applied to the leasing arrangement. Specifically, Section 212.031(2) (b), F.S., prohibits the pyramiding of tax by a progression of transactions. It should also be noted that this statute does not permit the amount of tax due to the state to be decreased by such a progression of transactions (See TAA 05A-014, TAA 04A-026, and TAA 03A-058) for information regarding pyramiding).

Please note that certain rental arrangements (i.e., property leased or license to a person providing food and drink concessionaire services within a qualifying facility) are not subject to tax under Section 212.031(2), F.S.

### ***Leases of Tangible Personal Property***

Retail dealers may sell tangible personal property in more than one way. The sale may be a transfer of title, or it may be in the form of a lease (See TAA 04A-025 for information regarding whether a transaction is a sale or a lease). The lease may be either a capital lease or an operating lease. For sales and use tax purposes, capital leases are handled in the same manner as an outright sale – tax is due on the entire lease price at the consummation of the lease. In contrast, an operating lease is taxable on each lease payment. If the operating lease is terminated and the lessee purchases the property, tax is due on the balance due on the selling price of the lease. If someone other than the lessee purchases the property, sales tax is due on the total sales price of the purchase (See Rule 12A-1.096, F.A.C., for information regarding capital and operating leases for industrial machinery and equipment for use in new or expanding business).

### ***Possession Taken in Florida/ Delivery Outside Florida/Sales for Export***

In some instances, the seller of tangible personal property may make a sale to a customer who will be taking the items out of state. Unless the purchaser is a dealer registered in another state and provides the seller with an affidavit in compliance with Rule 12A-1.0015(3), F.A.C., such sales are taxable. When a sale takes place under the provision that the seller will ship or mail the item to an out-of-state customer, the sale is not subject to

sales tax because possession of the item was not taken in Florida (See Rule 12A-1.0015(2), F.A.C.). If goods are sold in Florida and the purchaser takes possession within Florida, sales tax applies (See Rule 12A-1.0015(2) (b), F.A.C.). Where delivery of goods takes place outside the state of Florida, the taxpayer must retain documentation to support the exempt nature of the sale. In particular, an aircraft, boat, motor home, motor vehicle, or other vehicle, may be sold tax exempt if delivery occurs outside the state of Florida and the buyer and seller execute a signed, notarized affidavit (See Rule 12A-1.007(7)(a), F.A.C.).

Some sellers are regularly engaged in exporting tangible personal property to businesses and customers out of state. Although the United States Constitution prohibits the states from interfering in or placing burdens on interstate commerce, the Florida Statutes and Rules establish certain criteria that must be met for a sale to be considered a tax-free sale within the exportation process. Basically, when the terms of the sales contract require the goods to be delivered out of state by the dealer himself or by the dealer through a common carrier, the United States Postal Service, or a licensed customs broker, the property is considered committed to the exportation process and is exempt from tax. The goods must be committed to the exportation process at the time of the sale, and the exportation process must remain continuous and unbroken (See Rule 12A-1.0015(2) (b), F.A.C.). While this rule provides examples of ways to commit property to the exportation process at the time of sale, it should be noted that these are not the only possible ways of doing this. Other evidence may be considered in determining whether the property has been sufficiently committed to the exportation process (See also *Great Lakes Dredge & Dock Company v. Department of Revenue*, 381 So. 2d 1078 (Fla. 1<sup>st</sup> DCA 1979). In this case, joint venture was created to modernize a port in Saudi Arabia. The joint venture was required to provide materials and equipment for use in the construction project to modernize the port. All of the materials and equipment were gathered in Dade County, Florida, so that they could be packaged and shipped together. The Department claimed that, since the materials and equipment came to rest in Florida, the exportation process was not continuous and unbroken, so that the items were taxable (*Id.* at 1079). However, the court held that the purchaser provided sufficient documentation to prove that the goods were intended for export, that they had been committed to the exportation process, and that the process remained continuous and unbroken. Great Lakes produced contracts, bills of lading, and invoices that were marked "for export." Some of the invoices also required shipment by a certain date. The temporary storage of goods in a warehouse so that they could be packaged and shipped together was merely part of the exportation process, and was not considered a "use" of the materials in Florida. It was found that the goods had begun the exportation process, the purchaser had extensive documentation proving that the goods were intended for export, and there was a high degree of certainty that the goods would in fact be exported, and would not be diverted for domestic use (*Id.* at 1084-1085)).

### *Packaging and Labeling Material*

Section 212.02(14)(c), F.S. states in pertinent part, ".....retail sales', 'sale at retail', 'use', 'storage', and 'consumption' do not include materials, containers, labels, sacks, bags, or similar items intended to accompany a product sold to a customer without which delivery of the product would be impracticable because of the character of the contents and be used one time only for packaging tangible personal property for sale..." In an attempt to clarify this section of statutes Rule 12A-1.029 and Rule 12A-1.040, F.A.C were written.