



Sales and Use Tax on Interior Decorators and Interior Designers

Definitions

Real Property – The surface land, its improvements, and fixtures; also called “realty” and “real estate.”

Tangible Personal Property – Personal property that may be seen, weighed, measured, touched, or is in any manner perceptible to the senses.

What is Taxable?

Interior Decorator or Interior Designer Fees

Fees charged by interior decorators or interior designers in conjunction with the sale of tangible personal property are a part of the total charge for the tangible personal property and are subject to sales tax and applicable discretionary sales surtax. The interior decorator or interior designer is required to collect sales tax and surtax on the total amount billed to the client.

Fees charged by an interior decorator or interior designer are not subject to sales tax or surtax when the fee is charged only for advice and is not contingent on or a part of the sale of tangible personal property. Examples of fees charged solely for services rendered include designing a decorative scheme, advising clients, or recommending colors, paints, wallpaper, fabrics, brands, or supply sources.

Paint color card samples, flooring and wall samples, fabric swatch samples, window covering samples, and similar samples that are provided at no charge and serve no useful purpose other than as a comparison of color, texture, or design are exempt.

Installation of Tangible Personal Property

Interior decorators or interior designers who install tangible personal property that remains tangible personal property must collect sales tax and surtax on the total charge to their clients. Examples of items that remain tangible personal property after installation are:

- Carpets (except those that become real property) and rugs
- Drapes, curtains, bedspreads, blinds, shades, or slipcovers
- Household appliances (except “built-in” appliances)
- Mirrors, except those that become real property

Carpet is real property when affixed by nail, glue, or in some other manner so that it becomes the finished floor. Mirrors are real property improvements when affixed by nails, screws, glue, or cement.

Improvements to Real Property

Generally, transactions that involve items that are permanently installed into a structure, where the items cannot be removed without being destroyed, are classified as real property improvements.

Interior decorators or interior designers who perform **lump sum, cost plus or fixed fee, guaranteed price, or time and materials** contracts to make improvements to real property, do not sell tangible personal property to their client. Under these types of real property contracts, the interior decorator or interior designer must pay sales tax and surtax on the materials and supplies used in performing the contract. No sales tax is to be collected from the client (as the owner of the real property) under these contract types.

If the interior decorator or interior designer uses a subcontractor to install tangible personal property, the subcontractor is responsible for paying tax on materials and supplies purchased and used by the subcontractor. If the subcontractor uses materials and supplies furnished by the interior decorator or interior designer, the decorator or designer is responsible for paying sales tax and surtax on the materials and supplies furnished to the subcontractor.

Retail sale plus installation contracts are contracts for improvements to real property where the interior decorator or interior designer agrees to: 1) sell specifically described and itemized materials and supplies at an agreed price, or at the regular retail price; and, 2) to complete the work for an additional agreed price or on the basis of time spent. All the materials that will be incorporated into the work must be itemized and priced in the contract before work begins. The client must assume title to, and risk of loss of, the materials and supplies as they are delivered, rather than accepting title only to the completed work. The interior decorator or interior designer must collect sales tax and surtax on the itemized materials and supplies sold to the client.

For more information, see *Sales and Use Tax on Building Contractors* brochure (GT-800007).

Who Must Register to Collect Tax?

Any interior decorator or interior designer who sells tangible personal property must register with the Department. You can register to collect and report tax through our website at www.myflorida.com/dor. The site will guide you through an application interview that will help you determine your tax obligations. If you do not have Internet access, you can complete a paper *Florida Business Tax Application* (Form DR-1).

After we approve your registration, you will receive a *Certificate of Registration* (Form DR-11) and a *Florida Annual Resale Certificate for Sales Tax* (Form DR-13). If you are not filing electronically, we will mail paper tax returns to you. The *Florida Annual Resale Certificate for Sales Tax* is used for tax-exempt purchases you intend to resell. If the goods bought for resale are later used (not resold), you must report and pay use tax and surtax on those items. Florida law provides for criminal and civil penalties for fraudulent use of a *Florida Annual Resale Certificate for Sales Tax*.

When is Tax Due?

Returns and payments are due the first day of the month and late after the 20th of the month following each reporting period, whether you are filing monthly, quarterly, twice a year, or yearly. If the 20th falls on a Saturday, Sunday, or state or federal holiday, returns and payments will be timely if they are postmarked on the first business day after the 20th. **Florida law requires you to file a tax return even if you do not owe sales and use tax.**

Electronic Filing and Payment

We offer the use of our free and secure website to file and pay sales tax. You also have the option of buying software from a software vendor. For more information on electronic filing and payment options, visit our website.

You may voluntarily file and pay taxes electronically; however, if you pay \$20,000 or more in sales and use tax between July 1 and June 30 (the state fiscal year), you must use electronic funds transfer (EFT) for the next calendar year to pay your taxes.

If you make tax payments using electronic funds transfer (EFT), you must initiate electronic payments no later than 5:00 p.m., ET, on the business day before the 20th.

Penalty and Interest

Penalty – If you file your return or pay tax late, a late penalty of 10 percent of the amount of tax owed, but not less than \$50, may be charged. The \$50 minimum penalty applies even if no tax is due. Penalty will also be charged if your return is incomplete.

Interest – A floating rate of interest applies to underpayments and late payments of tax. Current and prior period interest rates are posted on our website.

Reference Material

Tax Laws - Our online Revenue Law Library contains statutes, rules, legislative changes, opinions, court cases, and publications. Search the library for:

- Rule 12A-1.006, Florida Administrative Code (F.A.C.) - *Charges by Dealers Who Adjust, Apply, Alter, Install, Maintain, Remodel, or Repair Tangible Personal Property*
- Rule 12A-1.016, F.A.C. - *Sales; Installation Charges*
- Rule 12A-1.051, F.A.C. - *Sales to or by Contractors Who Repair, Alter, Improve and Construct Real Property*

Brochures - Download these brochures from our "Forms and Publications" page:

- *Florida's Discretionary Sales Surtax (GT-800019)*
- *Florida Annual Resale Certificate for Sales Tax (GT-800060)*
- *Sales and Use Tax on Building Contractors (GT-800007)*

Contact Us

Information, forms, and tutorials are available on our website: www.myflorida.com/dor

To speak with a Department representative, call Taxpayer Services, 8 a.m. to 7 p.m., ET, Monday through Friday, excluding holidays, at 800-352-3671.

To find a taxpayer service center near you, go to: www.myflorida.com/dor/contact.html

For written replies to tax questions, write to:

Taxpayer Services – MS 3-2000
Florida Department of Revenue
5050 W Tennessee St
Tallahassee FL 32399-0112

Get the Latest Tax Information

Subscribe to our tax publications to receive due date reminders or an email when we post:

- Tax Information Publications (TIPs).
- Proposed rules, notices of rule development workshops, and more.

Go to: www.myflorida.com/dor/llist