



May 27, 2014

NEW SALES AND USE TAX EXEMPTION FOR MANUFACTURERS AND PROCESSORS

Effective April 30, 2014, a new sales and use tax exemption is available for purchases of industrial machinery and equipment by an "eligible manufacturing business" that will be used at a fixed location in Florida for the manufacture, processing, compounding, or production of tangible personal property for sale.

For purposes of this exemption, an "eligible manufacturing business" means any business whose primary business activity at the location where the industrial machinery and equipment is located is within the industries classified under NAICS codes 31, 32, and 33, as published in 2007 by the Office of Management and Budget, Executive Office of the President (the "2007 NAICS codes"). An activity is considered to be the "primary business activity" of an eligible manufacturing business if it represents more than 50% of the activities conducted at the location where the industrial machinery and equipment is located.

The 2007 NAICS codes 31, 32, and 33 include (but are not limited to) the following types of industries: food, beverage, textile, apparel, wood, paper, printing, chemical, pharmaceutical, pesticide, plastic, rubber, cement, metal, glass, computer and electronic products, medical equipment, transportation, and furniture. A search of the industries included in the 2007 NAICS codes 31, 32, and 33 can be performed at <http://www.census.gov/eos/www/naics/index.html>.

The exemption applies to "industrial machinery and equipment," which is defined as tangible personal property or other property that has a depreciable life of three years or more and that is used as an integral part in the manufacturing, processing, compounding, or production of tangible personal property for sale. This term also includes parts and accessories for industrial machinery and equipment if they are purchased prior to the date the applicable machinery and equipment are placed in service. In limited circumstances, the exemption may extend to buildings, structural components and heating and air conditioning systems.

In order to utilize the exemption, the eligible purchaser should provide the seller with a signed certificate certifying that the purchaser qualifies for the exemption. In such case, the seller is relieved from the responsibility for collecting tax on the sale of such item, and the Florida Department of Revenue will look solely to the purchaser for recovery of the tax if it determines that the purchaser was not entitled to the exemption.

The exemption is scheduled for repeal effective April 30, 2017.

If you have any questions concerning this exemption, please contact a member of our GrayRobinson [Taxation](#) team.

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