

**Florida Department of Revenue**  
**Tax Information Publication**

**TIP 06A01-12**  
**Date July 1, 2006**

**Changes to Sales Tax Exemptions for Semiconductor, Defense, or Space Technology Facilities**

Certified semiconductor, defense, and space technology facilities are exempt from tax on qualifying purchases or leases of machinery and equipment. This publication is to advise of changes in the law for certification, exemption amounts, and research and development.

**Certification as a Semiconductor, Defense, or Space Technology Facility**

Certifications issued by the Office of Tourism, Trade, and Economic Development (OTTED) on or after May 30, 2006, to semiconductor, defense, or space technology facilities will be valid for two calendar years. A certification can be renewed every two years by submitting a sworn statement to OTTED that there has been no material change in the conditions or circumstances entitling the business entity to the original certification. Facilities that have been issued an annual certification by OTTED for calendar year 2006, should submit a new application to Enterprise Florida, Inc. in November 2006, in anticipation of the issuance of a two-year certification.

Following issuance of an original certification, or biennial renewal of an existing certification, the Department will issue the certified facility a temporary tax exemption permit that will be valid for two calendar years. This permit allows certified facilities to conduct purchase or lease transactions for qualifying machinery and equipment tax exempt.

Certification of an eligible semiconductor, defense, or space technology facility is achieved pursuant to an application process conducted jointly by OTTED and Enterprise Florida, Inc. For additional information concerning initial certification or renewal of an existing certification, Enterprise Florida should be contacted at (407) 316-4600.

**Machinery and Equipment Used in Production by Defense and Space Technology Facilities**

Effective May 30, 2006, certified defense and space technology facilities became fully exempt from tax on qualifying purchases or leases of industrial machinery and equipment that is used to design, manufacture, assemble, process, compound, or produce defense technology products or space technology products for sale or use by these facilities. Purchase transactions completed, or lease payments required to be made, prior to May 30, 2006, remain subject to the limitation of a 25 percent exemption from tax on qualifying machinery and equipment.

The definition of "space technology products" is expanded to include space flight vehicles and the components of any of the following: space launch vehicles; space flight vehicles; missiles; satellites or research payloads; avionics; and, associated control systems and processing systems.

## **Machinery and Equipment used in Research and Development**

Effective May 30, 2006, certified defense and space technology facilities became fully exempt from tax on qualifying purchases or leases of machinery and equipment that will be used predominantly in defense or space technology research and development. Purchase transactions completed or lease payments required to be made, prior to May 30, 2006, remain subject to the limitation of a 25 percent exemption from tax on qualifying machinery and equipment.

## **Certification No Longer Required for Research and Development**

Effective July 1, 2006, certification by OTTED will no longer be required for semiconductor, defense, or space technology facilities to make tax-exempt purchases or leases of machinery and equipment that will be used predominantly in research and development activities.

To purchase or lease qualifying machinery and equipment for use in research and development tax-exempt, the purchaser or lessee must issue an exemption certificate or direct pay permit to the selling dealer. A suggested format of an exemption certificate is attached. For purposes of this exemption, "research and development" means research that has one of the following as its ultimate goal.

- \* Basic research in a scientific field of endeavor;
- \* Advancing knowledge or technology in a scientific or technical field of endeavor;
- \* The development of a new product, whether or not the new product is offered for sale;
- \* The improvement of an existing product, whether or not the improved product is offered for sale;
- \* The development of new uses of an existing product, whether or not a new use is offered as a rationale to purchase the product; or
- \* The design and development of prototypes, whether or not a resulting product is offered for sale.

Semiconductor, defense and space technology facilities remain obligated to complete the application process administered by Enterprise Florida and the Office of Tourism, Trade, and Economic Development to obtain tax exemption on qualifying purchases or leases of production machinery and equipment.

References: Ch. 2006-57 and 2006-60, L.O.F. s. 212.08 (5) (j) and (18), F.S.

### **FOR MORE INFORMATION**

This document is intended to alert you to the requirements contained in Florida laws and administrative rules. It does not by its own effect create rights or require compliance.

For forms and other information, visit our Internet site at [www.myflorida.com/dor](http://www.myflorida.com/dor). Or call Taxpayer Services, 8:00 a.m., to 7:00 p.m., ET, Monday through Friday, excluding holidays, at 800-352-3671 or 850-488-6800.

Persons with hearing or speech impairments may call our TDD at 800-367-8331 or 850-922-1115.

For a detailed written response to your questions, write the Florida Department of Revenue, Taxpayer Services, 1379 Blountstown Highway, Tallahassee, FL 32304-2716.

**SUGGESTED PURCHASER'S EXEMPTION CERTIFICATE  
MACHINERY AND EQUIPMENT FOR USE IN  
RESEARCH AND DEVELOPMENT**

This is to certify that all machinery and equipment purchased or leased on or after (DATE) from (VENDOR), including purchases of materials and labor for self-fabrication of machinery and equipment, will be used predominantly in research and development activities at (ADDRESS) in (CITY), Florida, County of (COUNTY). Further, said machinery and equipment is exempt from tax pursuant to Section 212.08(18), F.S., and will be used in research and development that has one of the following as its ultimate goal:

- \* Basic research in a scientific field of endeavor;
- \* Advancing knowledge or technology in a scientific or technical field of endeavor;
- \* The development of a new product, whether or not the new product is offered for sale;
- \* The improvement of an existing product, whether or not the improved product is offered for sale;
- \* The development of new uses of an existing product, whether or not a new use is offered as a rationale to purchase the product; or
- \* The design and development of prototypes, whether or not a resulting product is offered for sale.

This certificate may be used to make future qualifying purchases or leases of machinery and equipment, including purchases of materials and labor for self-fabrication of machinery and equipment, and it will remain in effect until rescinded by the purchaser.

I understand that if I fraudulently issue this certificate to evade the payment of tax, I will be liable for payment of the tax plus a penalty of 200% of the tax and be liable for fine and punishment provided by law for conviction of a felony of the third degree, as provided in s. 775.082, s. 775.083, or s. 775.084, F.S.

Under penalties of perjury, I declare that I have read the foregoing document and that the facts stated in it are true.

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Purchaser's Name          Purchaser's Address  
(Print or Type)

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Signature and Title          Florida Sales and Use Tax No.  
(if required)

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Date                          Federal Employer's  
Identification No.  
(if applicable)