

Subject: Re: Sales Tax on Towing and Storage

My name is Mike Seamon with The Professional Wrecker Operators of Florida. I have questions regarding sales tax on Towing and Storage of vehicles. These questions will pertain to invoices that are itemized for each service provided. 1. I know the code is if a vehicle is stored due to a lawfully impound no tax is due, so are all law enforcement tows exempt from sales tax? Some tows by law enforcement are not impounded, just towed because the owner doesn't know who to call or the owner has law enforcement call a Towing Company for he or she. So the question is how will The Department of Revenue determine when it is a **LAWFULLY IMPOUND** as opposed to a Tow that will require Sales Tax to be collected on the daily storage? 2. When a property owner has a vehicle towed under FS 715.07, that is parked on private property, the vehicle is Towed and Stored but the owner can get the vehicle any time. The question is, are these tows lawfully impounded or is Sales Tax due for the daily storage? 3. Is the administration fee charged on a Towing and Storage invoice subject to Sales Tax? Thank you in advance for your response. If you have questions, you can reach me at 407-402-1040 Mike Seamon Executive Director PWOFF

Dear Mr. Seamon, thank you for your email dated July 25, 2006, regarding the lawful impoundment of a motor vehicle. As you are aware, Rule 12A-1.073(6), F.A.C., provides that the storage of

motor vehicles arising from a lawful impoundment by a local, state, or federal law enforcement agency or an authorized towing service does not constitute a contract for storage of the vehicle and is not subject to sales tax. The term "authorized towing service" means any company that a law enforcement agency contacts or contracts with to provide towing of vehicles that are impounded by the law enforcement agency. It has been brought to the Department's attention that when an authorized towing service is called to tow a vehicle by a law enforcement agency, each law enforcement agency may handle the documentation given to the towing company differently. It seems, however, that most of the law enforcement agencies require a tow sheet/inventory sheet that documents the contents of the vehicle being towed/stored and the reason for the tow/storage (i.e., arrest, accident and driver incapacitated, etc.). This sheet is signed by the impounding officer and given to the authorized towing service. In order for the Department to determine when a lawful impound has occurred, the towing company should maintain the tow sheet/inventory sheet with the ultimate invoice for the storage fees to show that the vehicle was lawfully impounded by a law enforcement agency. Additionally, the towing company should document on the invoice the nature of the tow/storage (i.e., arrest, accident and driver incapacitated, etc.). Otherwise, if the towing company can not document that the tow was a lawful impound by a law enforcement agency, the Department will presume that it was not a lawful impound, pursuant to Rule 12A-1.073(6), F.A.C., and the storage of the vehicle

will be subject to sales tax. It should be noted that when a law enforcement agency contacts a towing company to tow a vehicle because the owner does not know who to call for a tow, or the owner of the vehicle asks law enforcement to call a towing company for him or her, these are not lawful impoundments by a law enforcement agency or authorized towing service. Additionally, when a property owner has a vehicle towed that is parked on his or her private property, pursuant to Section 715.07, F.S., the Department does not consider this a lawful impoundment by a law enforcement agency or authorized towing service. In this case, the owner of the property has asked that the vehicle be impounded and not a law enforcement agency or authorized towing service. Therefore, the storage fees charged associated with these tows would be subject to sales tax. The administrative fees charged for mailing costs to notify, after the vehicle has been stored at the towing company's lot for 7 days, the vehicle owner, the lien holder and the insurance company is associated with the storage of the vehicle. Therefore, if it is a lawful impoundment no sales tax would be due. Otherwise, tax is due on these fees as a part of the sales price for storing the vehicle.