



Florida's Sales and Use Tax

What Is Taxable?

Sales Tax

Florida law states that each sale, admission charge, storage, or rental is taxable unless the transaction is exempt. Florida's general sales tax rate is six percent, however there is a "bracket system" for collecting sales tax on any part of each total taxable sale less than a whole dollar amount. Additionally, most Florida counties have a discretionary sales surtax. To compute the Florida sales tax rate for each county, add the county discretionary sales surtax rate to the general sales and use tax rate.

Discretionary Sales Surtax

Under specific conditions, Florida counties levy a discretionary sales surtax on transactions subject to sales and use tax. A dealer who sells and delivers taxable goods or taxable services must collect the surtax at the rate in the county where the goods or services are delivered. For motor vehicle and mobile home sales, use the surtax rate of the county where the vehicle or mobile home will be registered.

Only \$5,000 of a single sale of tangible personal property is subject to discretionary sales surtax if the property is sold as a single item, in bulk, as a working unit, or as part of a working unit. The \$5,000 limit does not apply to commercial rentals, transient rentals, or services.

Use Tax and Consumption

Use tax is applied in the same manner as sales tax. The use tax rate and sales tax rate are the same, including discretionary sales surtax, if it applies. Use tax is due on purchases made out of state and brought into Florida within six months of the purchase date. If you buy a product tax-exempt that you plan to sell at retail, but end up using it at your place of business, the "use" of the product is taxable. If you buy materials that are "consumed" in a manufacturing process to create your end product but are not part of the end product, those materials are subject to use tax and the applicable discretionary sales surtax. The "use" part of the sales and use tax provides taxation on items bought outside Florida but used or stored in the state. If the item brought into Florida is subject to tax, a credit for taxes paid to another state, a U.S. territory, or the District of Columbia is allowed. Credit is not given for taxes paid to another country.

Who Must Register to Collect Tax?

Before you open a business in Florida, you must find out if your business activity, product use, or consumption will be subject to Florida sales tax. Some government agencies require you to register with the Department of Revenue before they will issue a license.

Here are some activities that require the collection of sales tax or the payment of use tax:

- Sales of taxable items at retail.
- Repairs or alterations of tangible personal property.
- Rentals, leases, or licenses to use real property (for example, commercial office space, mini-warehouses, or short-term living accommodations).
- Rentals of short-term living accommodations (for example motel/hotel rooms, beach houses, condominiums, timeshare resorts, vacation houses, travel parks, etc).
- Rental or lease of personal property (for example, vehicles, machinery, equipment, or other goods).

- Charges for admission to any place of amusement, sport, or recreation.
- Operating private membership clubs that provide recreational or physical fitness facilities.
- Manufacturing or producing goods for sale at retail.
- Importing goods from any state or foreign country, for sale at retail or for use in the business.
- Selling service warranty contracts.
- Ordering and using, on a regular basis, mail-order products on which no sales tax was charged.
- Operating vending or amusement machines.
- Providing taxable services (for example, investigative and crime protection services, interior nonresidential cleaning services, and nonresidential pest control services).

If you don't know if your business must register to collect sales tax, contact Taxpayer Services.

Who Is Exempt?

Federal, state, county, and city governments; and nonprofit organizations, such as religious, charitable, scientific, educational, or veteran organizations (as defined in section 212.08, Florida Statutes) do not have to **pay sales tax** on certain purchases. If you believe your organization qualifies for an exemption, you must submit an *Application for Consumer's Certificate of Exemption* (Form DR-5). You can get this form from our Internet site at www.myflorida.com/dor.

The federal government is exempt from collecting sales tax. Also, qualified religious institutions do not collect and pay sales tax on the sale or lease of tangible personal property.

How Do I Register to Collect Sales Tax?

You can register to collect and/or report tax through our Internet site; go to 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 fill out a paper *Application to Collect and/or Report Tax in Florida* (Form DR-1).

After we approve your registration, you will be sent a *Certificate of Registration* (Form DR-11), an *Annual Resale Certificate* (Form DR-13), and your tax return forms. The *Annual Resale Certificate* is used for tax-exempt purchases or rentals of property or services you intend to resell or re-rent as part of your business. If the goods bought for resale are later used (not resold), you must report and pay use tax and surtax on those items, plus any applicable penalties and interest. There are liabilities for intentional misuse of an annual resale certificate.

How Is Tax Calculated?

Sales tax is calculated at the time of each transaction. When sales transactions are between whole dollar amounts, use the bracket system to calculate tax due when any part of each total sale is less than a whole dollar amount. The tax collected must be calculated on the total amount of the sale. The sales tax and discretionary sales surtax must be separately shown on each invoice or other evidence of the sales transaction. Taxpayers must pay the actual tax collected, which in many cases is more than a straight percentage of the sales or untaxed purchases. You can get a *Sales Tax Rate Table* (Form DR-2X) and individual bracket cards from our Internet site.

When Is Tax Due?

Returns and payments are due on the 1st and late after the 20th day of the month following the date of sale. For example, if a sale takes place on the 1st of one month, then tax is not due until the 1st of the next month.

Penalty and interest apply to tax returns or payments filed after the due date. Penalty and interest apply if tax is underpaid or if the tax return is submitted on time but incomplete.

Electronic Filing and Payment

We offer the use of our free and secure Internet site to file and pay sales tax, or you may buy software from an approved vendor. If you would like to voluntarily file and pay taxes electronically, you may do so. 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. We will send you instructions for filing by EFT.

How Are We Doing?

Please give us your feedback on this brochure by taking our one-minute survey.

Go to www.myflorida.com/dor and click on: "Take Our Quick Survey."

Reference Material

Tax Laws –Our online Tax Law Library contains statutes, rules, legislative changes, opinions, court cases, and publications. Search the law library for rules regarding sales and use tax.

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

- *Looking at Business Opportunities?*
- *Discretionary Sales Surtax*
- *Annual Resale Certificate for Sales Tax*

Industry-specific brochures are also available.

For Information and Forms

Information and forms are available on our Internet site at: www.myflorida.com/dor

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

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

For a written reply to tax questions, write:

Taxpayer Services
Florida Department of Revenue
5050 W Tennessee St Bldg L
Tallahassee FL 32399-0112

Get the Latest Tax Information

Sign up to get e-mail notices automatically when we post:

- Tax Information Publications (TIPs).
- *Facts on Tax*, a quarterly publication.
- Proposed rules, notices of rule development workshops, and more.

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