



Sales and Use Tax On Bars and Lounges

Sales Tax – What is Taxable?

Alcoholic beverages, including mixed drinks, beer, ale, wine coolers, and wine, are taxable at the rate of 6% (general sales tax rate) plus any applicable discretionary sales surtax in the county where the beverage is sold. The discretionary sales surtax rates vary depending on the county. The seller (dealer) must calculate sales tax and discretionary sales surtax on the total sales price of each transaction. The total sales price includes any other state and federal taxes.

The dealer cannot advertise or otherwise inform the public that:

- The dealer will absorb any part of the sales tax.
- The buyer will be relieved from the payment of sales tax.

A dealer may set prices on the sale of alcoholic beverages in order to avoid handling pennies, but each of the dealer's price lists must show the price of the beverage and the amount of tax due as separate items.

When it is impractical for a dealer to separately record the sales price of the beverage, the sales tax, and the surtax on each sale, the dealer must calculate the tax according to one of two methods.

Calculating Sales Tax

Method 1 – Dealers who do not give notice to the public.

Use Method 1 rates when you do not notify the public that the sales tax is included in the total charge. When using Method 1, the dealer must multiply the total gross receipts derived from their sales by the appropriate rate listed in the chart to compute the amount of sales tax due (including any applicable discretionary sales surtax).



Method 1 – Tax Rate Chart (no public notice)		
State & County Tax Rate	Rate for Package Store ONLY	Rate for Mixed Drinks with or without Package Store
6%	.0635	.0659
6.25%	.0656	.0678
6.5%	.0677	.0697
6.75%	.07035	.0724
7%	.0730	.0751
7.25%	.0753	.0773
7.5%	.0776	.0795
7.75%	.0799	.0817
8%	.0822	.0839

Method 2 – Dealers who give notice to the public.

Use Method 2 rates when you notify the public, through either posted price lists or signs displayed in the business, that the sales tax is included in the total charge. When using Method 2, you must divide the total gross receipts derived from the sale of individual drinks (includes beer, ale, and wine) and package goods by the appropriate rate listed in the chart to compute the amount of taxable sales. You then subtract taxable sales from gross receipts to compute the amount of sales tax due (including any applicable discretionary sales surtax).

Method 2 – Tax Rate Chart (with public notice)		
State & County Tax Rate	Rate for Package Store ONLY	Rate for Mixed Drinks with or without Package Store
6%	1.0635	1.0659
6.25%	1.0656	1.0678
6.5%	1.0677	1.0697
6.75%	1.07035	1.0724
7%	1.0730	1.0751
7.25%	1.0753	1.0773
7.5%	1.0776	1.0795
7.75%	1.0799	1.0817
8%	1.0822	1.0839

If the state and discretionary sales surtax rate for your business location is not shown, contact Taxpayer Services.

Examples using Method 1:		
<p>Package stores that sell no individual drinks. <i>A package store, located in a county that does not have a surtax, that sells no individual drinks and whose total gross receipts are \$2,000, would multiply \$2,000 by .0635 to compute tax due of \$127.</i></p>		<p>\$2,000 gross receipts x .0635 tax rate for package stores \$127 TAX DUE</p>
<p>Dealers who sell both individual drinks and package goods. <i>A dealer, located in a county that has a one percent (1%) surtax, who sells both individual drinks and package goods, and whose total gross receipts are \$2,000, would multiply \$2,000 by .0751 to compute tax due of \$150.20.</i></p>		<p>\$2,000 gross receipts x .0751 tax rate for dealers \$150.20 TAX DUE</p>

Examples using Method 2:

Package stores that sell no individual drinks.

*A package store, located in a county that **does not** have a surtax, that sells **no** individual drinks and whose total gross receipts are \$2,000 would divide \$2,000 by 1.0635 to compute taxable sales of \$1,880.58. The dealer would then subtract \$1,880.58 from \$2,000 to compute tax due of \$119.42*



Step 1

\$2,000	÷ 1.0635 =	\$1,880.58
gross receipts	tax rate for package stores	taxable sales

Step 2

\$2,000.00	gross receipts
- \$1,880.58	taxable sales
\$119.42	TAX DUE

Dealers who sell both individual drinks and package goods.

A dealer, located in a county that has a one percent (1%) surtax, who sells both individual drinks and package goods, and whose total gross receipts are \$2,000, would divide \$2,000 by 1.0751 to compute tax due of \$1,860.29. The dealer would then subtract \$1,860.29 from \$2,000 to compute tax due of \$139.71.



Step 1

\$2,000	÷ 1.0751 =	\$1,860.29
gross receipts	tax rate for dealers	taxable sales

Step 2

\$2,000.00	gross receipts
- \$1,860.29	taxable sales
\$139.71	TAX DUE

Annual Resale Certificate

As a registered dealer, we will provide you with an Annual Resale Certificate (Form DR-13). You should use the Annual Resale Certificate to buy goods tax-exempt that will be resold in your regular business operations. If the goods bought for resale are used (not resold), the dealer must report and pay use tax on those items, plus any applicable discretionary sales surtax, penalties, and interest. There are additional liabilities for intentional misuse of a resale certificate.

Use Tax – What is Taxable?

A use tax, equivalent to the state tax, plus any applicable discretionary sales surtax, is due on the cost of drinks given to patrons free of charge.

Wine, liquor, and distilled spirits provided by distributors or vendors for “wine tasting” and “spirituous beverage tasting” are exempt from tax. However, any charge made to the public for “wine tasting” and “spirituous beverage tasting” is subject to sales tax and discretionary sales surtax. Beverages other than wine, liquor, and distilled spirits that are subject to sales tax and provided by distributors, vendors, or any other person for the purpose of tasting or promoting the product are taxable.

Alcoholic beverages used by the dealer for promotional reasons (such as free drinks during happy hour) are subject to use tax and discretionary sales surtax.

Items you purchase such as bar equipment, blenders, pouring and dispensing machines, cleaning supplies, office equipment, credit card machines, office supplies, etc., to be used in the business are subject to tax. If you do not pay sales tax when you buy items, or pay tax to another state at a rate lower than 6 percent, you must pay use tax and surtax to Florida.

How and When to File

You must calculate and pay the sales tax, and any applicable discretionary sales surtax (county tax), at the end of each reporting period.

Returns and payments are due on the 1st day of the month after the date of sale. Returns and payments are late if postmarked after the 20th. For example, if the sale takes place on the 1st of one month, then tax is due on the 1st of the next month.

Penalty and Interest

If your returns and payments are not postmarked or hand-delivered on or before the due date, you owe a late penalty of 10 percent of the amount of tax due. A minimum penalty of \$50 is due on late returns, even if no tax is due. A penalty applies if you submit your return and/or payment on time but incomplete.

A floating rate of interest applies to underpayments and late payments of tax. We update the rate January 1 and July 1 of each year by using the formula in section 213.235, Florida Statutes. Current and prior period interest rates are posted on our Internet site.

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 12A-1.057, Florida Administrative Code, Alcoholic and Malt Beverages.

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

- *Discretionary Sales Surtax*
- *Amusement Machines*
- *Vending Machines*

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

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