



Florida Tax Relief Act of 1998

Do you sell clothing or footwear?

- If you sell clothing or footwear in the State of Florida this new law may impact your business.

During the period from **12:01 a.m. August 15, 1998, through midnight August 21, 1998**, Florida law provides that no sales tax or discretionary sales surtax (also known as local option tax) will be collected on sales of clothing having a selling price of \$50.00 or less.

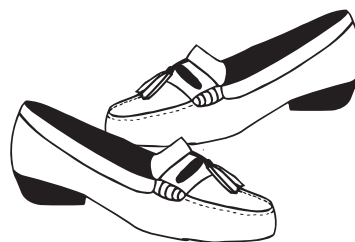
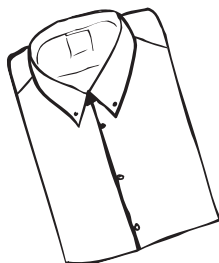
The sales tax exemption applies to each article of clothing selling for \$50.00 or less. The exemption applies regardless of how many items are sold on the same invoice to a customer. However, the exemption does not apply to the first \$50.00 of the price of an article of clothing selling for more than \$50.00.

“**Clothing**” means any article of wearing apparel, including footwear, intended to be worn on or about the human body. However, “clothing” does not include watches, watchbands, jewelry, handbags, handkerchiefs, umbrellas, scarves, ties, headbands, or belt buckles. A representative list of items is included in this publication.

This exemption does not apply to sales of clothing within a theme park, entertainment complex, or public lodging establishment.

“*Theme park or entertainment complex*” means a complex comprised of at least 25 contiguous acres owned and controlled by the same business entity and which contains permanent exhibitions and a variety of recreational activities and has a minimum of 1 million visitors annually.

“*Public lodging establishment*” means any unit, group of units, dwelling, building, or group of buildings within a single complex of buildings, which is rented to guests more than three times in a calendar year for periods of less than 30 days or 1 calendar month, whichever is less, or which is advertised or held out to the public as a place regularly rented to guests.



INSIDE THIS TIP:

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- ❖ Exchanges and layaway sales
- ❖ Coupons, rebates, and discounts
- ❖ Repairs and alteration to clothing
- ❖ Gift certificates and rain checks
- ❖ Rental of clothing
- ❖ Mail orders
- ❖ Records and reporting

Special Circumstances/ Restrictions/Limitations

Articles normally sold as a unit

Articles that are normally sold as a unit must continue to be sold in that manner; they cannot be separately stated and sold as individual items in order to obtain the exemption.

EXAMPLE 1: A pair of shoes normally sells for \$80.00. The pair cannot be split in order to sell each shoe for \$40.00 to qualify for the exemption.

EXAMPLE 2: A suit is normally priced at \$125.00 on a single price tag. The suit cannot be split into separate articles so that any of the components may be sold for \$50.00 or less in order to qualify for the exemption. However, components that are normally priced as separate articles may continue to be sold as separate articles and qualify for the exemption if the price for an article is \$50.00 or less.

Sets of clothing containing both exempt and taxable items

When exempt clothing or footwear is normally sold together with taxable merchandise as a set or single unit, the full price is subject to sales tax.

EXAMPLE : A gift set containing a tie and suspenders is sold for a single price of \$35.00. Although the suspenders would otherwise be exempt during the one-week exemption period, the full price of the gift set is taxable because the tie is taxable.

Buy one, get one free or for a reduced price

The total price of items advertised as "buy one, get one free," or "buy one, get one for a reduced price," cannot be averaged in order for both items to qualify for the exemption.

EXAMPLE 1: A retailer advertises pants as "buy one, get one free." The first pair of pants is priced at \$70.00; the second pair of pants is free. Tax is due on \$70.00. The store cannot sell each pair of pants for \$35.00 in order for the items to qualify for the exemption. However, the retailer may advertise and sell the items for 50% off, selling each pair of \$70.00 pants for \$35.00, making each pair eligible for the exemption.

EXAMPLE 2: A retailer advertises shoes as "buy one pair at the regular price, get a second pair for half price." The first pair of shoes is sold for \$60.00; the second pair is sold for \$30.00 (half price). Tax is due on the \$60.00 shoes, but not on the \$30.00 shoes. The store cannot sell each pair of shoes for \$45.00 in order for the items to qualify for the exemption. However, a retailer may advertise the pair for 25% off, thereby selling each pair of \$60.00 shoes for \$45.00, making each pair eligible for the exemption.

Exchanging a tax exempt purchase after August 21

If a customer purchases an item of eligible clothing or footwear during the exemption week, then later exchanges the item for the same item (different size, different color, etc.), no tax will be due even if the exchange is made after the exemption week.

If a customer purchases an item of eligible clothing or footwear during the exemption week, then later returns the item and receives credit on the purchase of a different item, the appropriate sales tax will apply to the sale of the newly purchased item.

EXAMPLE 1: During the exemption week, a customer buys a \$50.00 dress that qualifies for the exemption. Later, during the exemption week, the customer exchanges the \$50.00 dress for a \$75.00 dress. Tax is due on the \$75.00 dress. The \$50.00 credit from the returned item cannot be used to reduce the \$75.00 item to \$25.00 for exemption purposes.

EXAMPLE 2: A customer purchases a \$35.00 shirt during the exemption week. After the exemption week, the customer exchanges the shirt for a \$35.00 jacket. Since the jacket was not purchased during the exemption week, tax is due on the \$35 jacket.

A customer who pays sales tax to a dealer on an eligible item when no tax is due must secure a refund of the tax from the dealer and not from the Department of Revenue.

For the period of August 15, 1998, through September 30, 1998, when a customer returns an item that would qualify for the exemption, no refund of tax will be given unless the customer provides a receipt or invoice showing tax was paid, or the retailer has sufficient documentation to show that tax was paid on the specific item.

Manufacturer's coupons do not reduce the sales price of an item. Therefore, a manufacturer's coupon cannot be used to reduce the selling price of an item to \$50.00 or less in order to qualify for the exemption.

EXAMPLE: A shirt sells for \$55.00. The customer has a \$10.00 manufacturer's coupon good for the purchase of the shirt. The manufacturer's coupon does not reduce the sales price of the shirt. Tax is due on \$55.00 even though the customer only pays the retailer \$45.00 for the shirt.

Store coupons and discounts reduce the sales price of an item. Therefore, a store coupon or discount can be used to reduce the sales price of an item to \$50.00 or less in order to qualify for the exemption.

EXAMPLE: A customer buys a \$100.00 suit and a \$55.00 shirt. The retailer is offering a 10 percent discount. After applying the 10 percent discount, the final sales price of the suit is \$90.00, and the shirt is \$49.50. The suit is taxable (it is over \$50.00) and the shirt is exempt (it is less than \$50.00).

Rebates occur after the sale and do not affect the sales price of an item purchased.

EXAMPLE: A shirt sells for \$55.00. The customer receives a \$10.00 rebate from the manufacturer. The rebate occurs after the sale so it does not reduce the sales price of the shirt. Tax is due on \$55.00.

The sale of a gift certificate is not taxable. Eligible items purchased during the exemption week using a gift certificate will qualify for the exemption, regardless of when the gift certificate was purchased. Eligible items purchased after the exemption week using a gift certificate are taxable even if the gift certificate was purchased during the exemption week. A gift certificate cannot be used to reduce the selling price of an item to \$50.00 or less in order for the item to qualify for the exemption.

Refunds

Time limit on tax refunds to the customer

Coupons, rebates and discounts

Gift certificates

Rain checks

Eligible items purchased during the exemption week using a rain check will qualify for the exemption regardless of when the rain check was issued. However, issuance of a rain check during the exemption week will not qualify eligible items for the exemption if the item is actually purchased after the exemption week.

Layaway sales

A layaway sale is a transaction in which merchandise is set aside for future delivery to a customer who makes a deposit, agrees to pay the balance of the purchase price over a period of time and, at the end of the payment period, receives the merchandise. For purposes of this exemption, eligible clothing will qualify for the exemption if a retailer and a customer enter into a contract for a layaway sale during the exemption week, the customer makes the usual deposit in accordance with the retailer's layaway policy, and the merchandise is segregated from the retailer's inventory. Also, if final payment on a layaway order is made by, and the merchandise is given to, the customer during the exemption week, that sale of eligible clothing will qualify for the exemption.

Clothing rentals

Rentals of clothing or footwear do not qualify for the exemption.

Mail order

For purposes of this exemption, eligible clothing and footwear items purchased by mail order (including sales transactions over the Internet) will receive the exemption if the order is accepted by the mail-order company during the exemption week for immediate shipment. When the acceptance of the order by the mail-order company occurs during the exemption week, the exemption will apply even if delivery is made after the exemption week.

An order is accepted by the mail-order company when it has taken an action to fill the order for immediate shipment. Actions to fill an order include, but are not limited to, placing an "in date" stamp on a mail order or assigning an "order number" to a telephone order.

An order is for immediate shipment when delayed shipment is not requested by the customer. An order is for immediate shipment notwithstanding that shipment may be delayed because of a backlog of orders or because stock is currently unavailable to, or on back order by, the company.

Shipping and handling

Shipping and handling charges are included as part of the sales price of the clothing, whether or not separately stated. If multiple items are shipped on a single invoice, the shipping and handling charge must be proportionately allocated to each item ordered, and separately identified on the invoice, to determine if any items qualify for the exemption.

Repairs and alterations to clothing

Repairs to clothing or footwear do not qualify for the exemption. Alterations to clothing or footwear do not qualify for the exemption, even though alterations may be sold, invoiced, and paid for at the same time as the item to be altered.

EXAMPLE: A customer purchases a pair of pants for \$49.00, and pays \$5.00 to the retailer to have the pants cuffed. The \$49.00 charge for the pants is exempt; however, tax is due on the \$5.00 alterations charge.

Records and reporting

No special record keeping or reporting is necessary. Records should be maintained as currently required by law.

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 more information call (800) 850-7847 (in Florida only) or (850) 414-9010. Hearing or speech impaired persons can call the TDD line at (800) 367-8331 (in Florida only) or (850) 922-1115.

For a detailed written response to your questions, write the Florida Department of Revenue, PO Box 7443, Tallahassee, FL 32314-7443.

Also, visit our Web site at <http://sun6.dms.state.fl.us/dor/> for forms and other information. Get tax forms quickly by FAX ON DEMAND. Call 850-922-3676, twenty-four hours a day, seven days a week using your fax machine handset and follow the instructions.

Seminars will be offered at local service centers. Contact the Florida Department of Revenue Service Center nearest you for details.

Florida Department of Revenue Service Centers

Clearwater Service Center

Arbor Shoreline Office Park
19337 US Hwy. 19 N, Ste. 200
Clearwater, FL 33764-3149
813-538-7400

Cocoa Service Center

2428 Clearlake Road, Bldg. M
Cocoa, FL 32922
407-504-0950

Coral Springs Service Center

Florida Sunrise Tower
3111 N. University Dr., Ste. 501
Coral Springs, FL 33065-5096
954-346-3000

Daytona Beach Service Center

125 N. Ridgewood Ave., Ste. 301
Daytona Beach, FL 32114-3286
904-254-3901

Fort Myers Service Center

2295 Victoria Ave., Ste. 270
Fort Myers, FL 33901-3851
941-338-2400

Gainesville Service Center

2610 NW 43rd St., Ste. 2A
Gainesville, FL 32606-7415
352-955-2170

Hollywood Service Center

Taft Office Complex
6565 Taft St., Ste. 400
Hollywood, FL 33024-4000
954-967-1000

Jacksonville Service Center

921 N. Davis St., A-250
Jacksonville, FL 32209-6829
904-359-6070

Key West Service Center

3118 Flagler Ave.
Key West, FL 33040-4698
305-292-6735

Lake City Service Center

2651 W. US Hwy 90
Lake City, FL 32055-3115
904-758-0420

Lakeland Service Center

230 S. Florida Ave., Ste. 101
Lakeland, FL 33801-5047
941-499-2260

Leesburg Service Center

734 N. 3rd St., Ste. 117
Leesburg, FL 34748-4463
352-360-6660

Marianna Service Center

4230 Lafayette St., Ste.D
Marianna, FL 32446-3304
850-482-9518

Miami Service Center

8175 NW 12th St., Ste. 119
Miami, FL 33126-1831
305-470-5001

Naples Service Center

Wilson Professional Center
3200 Bailey Lane, Ste. 150
Naples, FL 34105-8523
941-436-1050

Orlando Service Center

Orlando Executive Center
5420 Diplomat Circle
Orlando, FL 32810-5605
407-623-1141

Panama City Service Center

651 W. 14th St., Ste. D
Panama City, FL 32401-2271
850-872-4165

Pensacola Service Center

3670-C North L Street
Pensacola, FL 32505-5217
850-595-5170

Port Richey Service Center

6709 Ridge Rd., Ste. 300
Port Richey, FL 34668-6842
813-841-4407

Port St. Lucie Service Center

900 E. Prima Vista Blvd., Ste. 300
Port St. Lucie, FL 34952-2335
561-871-7620

Sarasota Service Center

240 S. Pineapple Ave., Ste. 600
Sarasota, FL 34236-6725
941-361-6001

Tallahassee Service Center

2410 Allen Rd.
Tallahassee, FL 32312-2603
850-488-9719

Tampa Service Center

Suite 100
6302 E. Dr. Martin Luther King, Jr. Blvd.
Tampa, Florida 33619-1165
813-744-6344

West Palm Beach Service Center

2468 Metrocentre Blvd.
West Palm Beach, FL 33407-5214
561-640-2800

List of items and their taxable status during the exemption week

The following is a partial list of items and their taxable status during the exemption week if they are sold for \$50.00 or less.

T = Taxable

E = Exempt

T/E	Item	T/E	Item	T/E	Item
	A				
T	Accessories (generally)	T	Fishing (waders)	E	Formal clothing
T	Barrettes	E	Hiking	E	Fur coats, stoles, and fur trimming
T	Belt buckles (sold separately)	E	Overshoes and galoshes		
T	Bobby pins	T	Riding		G
T	Bow ties	T	Ski		
T	Elastic ponytail holders	T	Waders	E	Garters and garter belts
T	Hair bows	E	Bowling shirts	E	Girdles, bras, and corsets
T	Hair clips	T	Bowling shoes (rented and sold)	E	Gloves (generally)
T	Handbags	T	Bow ties	T	Baseball
T	Handkerchiefs	E	Bras	T	Batting
T	Head scarves	E	Bridal apparel (unless rented)	T	Bicycle
T	Headbands	T	Buttons and zippers	E	Dress (unless rented)
T	Jewelry			E	Garden
T	Neckwear		C	T	Golf
T	Key cases	E	Camp clothes	T	Hockey
T	Scarves for headwear/ neckwear	E	Caps (baseball, fishing, golf)	E	Leather
T	Shower caps	E	Chef uniforms	T	Rubber
T	Ties	T	Children's novelty costumes	T	Surgical
T	Wallets	T	Chest protectors	T	Tennis
T	Watch bands	E	Choir and altar clothing	E	Work
T	Watches	E	Clerical vestments	T	Goggles (except prescription)
E	Adult diapers (cloth or disposable)	T	Cloth and lace, knitting yarns, and other fabrics	E	Golf dresses
E	Aerobic clothing	T	Clothing repair items, such as thread, buttons, tapes, iron-on patches	T	Golf gloves
T	Afghans	E	Coats and wraps	E	Golf jackets and windbreakers
E	*Ankle braces and supports worn to correct or alleviate a physical injury or incapacity	T	Corsages and boutonnieres	E	Golf shirts
E	Antique clothing	E	Corsets and corset laces	E	Golf skirts
E	Aprons (household)	T	Costumes (Halloween, Santa Claus, etc.)	T	Golf purses
E	Arch supports	E	Coveralls	T	Golf shoes
E	Athletic socks	T	Crib blankets	T	Graduation caps and gowns
T	Athletic supporters			E	Gym suits and uniforms
	B				H
E	Baby clothes			T	Hair nets, bows, clips, and barrettes
E	Baby diapers (cloth or disposable)		D	T	Handbags and purses
T	Backpacks	E	Diapers, diaper inserts	T	Handkerchiefs
T	Bandanas	T	Dress shields and skirt shields	T	Hard hats
E	Baseball caps, fishing caps, and golf caps	E	Dresses	E	Hats
T	Baseball and hockey gloves			T	Headbands
T	Baseball cleats		E	T	Helmets (bike, baseball, football, hockey, motorcycle, sports)
E	Baseball uniforms	E	*Elbow braces and supports worn to correct or alleviate a physical incapacity or injury	E	Hooded shirts and hooded sweatshirts
E	Bathing suits, caps and coats	T	Elbow pads	E	Hosiery, including support hosiery
T	Belt buckles	E	Employee uniforms (except ties)	E	Hunting vests
E	Belts with attached buckles				I-J
T	Belts for weight lifting		F	T	Ice skates
E	Bibs	T	Fins	E	Insoles
T	Bicycle shoes (cleated)	T	Fishing boots (waders)	E	Jackets
E	Blouses	E	Fishing vests (nonflotation)	E	Jeans
E	Boots (generally)	T	Football pads	T	Jewelry
T	Climbing	E	Football uniforms (except pads)	T	Jewelry tiaras

K

- E ***Knee braces and supports worn to correct or alleviate a physical incapacity or injury**
- T Knee pads
- E **Knitted caps or hats**

L

- E **Lab coats**
- T Leather goods, except leather belts and leather wearing apparel
- E **Leg warmers**
- E **Leotards and tights**
- T Life jackets and vests
- E **Lingerie**
- T Lobster bibs
- T Luggage

M

- E **Martial arts attire**
- E **Men's formal wear (unless rented; excludes ties)**

N

- T Neckwear and ties
- E **Nightgowns and nightshirts**
- E **Nylons**

O-P

- E **Overshoes and rubber shoes**
- T Pads (football, hockey, soccer, elbow, knee, shoulder)
- E **Painter pants**
- T Paint or dust respirators and incidental supplies
- E **Pajamas**
- E **Pants**
- E **Panty hose**
- T Patterns
- T Personal flotation devices
- T Protective gloves
- T Protective masks (athletic)

R

- E **Raincoats and ponchos**
- E **Rain hats**
- E **Receiving blankets**
- E **Religious clothing**
- T Rented clothing (including uniforms, formal wear, and costumes)
- T Repair of wearing apparel
- T Ribbons
- E **Riding pants**
- E **Robes**
- T Roller blades
- T Roller skates

S

- E **Safety clothing (normally worn in hazardous occupations)**
- T Safety glasses (except prescription)
- E **Safety shoes (adaptable for street wear)**

- T Safety shoes (not adaptable for street wear)
- T Scarves
- E **Scout uniforms, except ties**
- E **Shawls and wraps**
- T Shin guards and padding
- E **Shirts**
- E **Shirts (hooded)**
- E **Shoe inserts**
- E **Shoelaces**
- E **Shoes (generally)**
 - T Ballet
 - T Baseball cleats
 - T Bicycle
- E **Boat**
 - T Bowling
 - T Cleated or spiked
- E **Cross trainers**
- E **Dress**
 - T Fishing boots (waders)
- E **Flip-flops (rubber thongs)**
 - T Football
 - T Golf
 - T Jazz and dance
- E **Jellies**
- E **Rubber**
- E **Running (without cleats)**
- E **Safety (suitable for everyday use)**
 - E **Sandals**
 - E **Slippers**
 - E **Sneakers and tennis**
 - T Soccer (cleated)
 - T Spiked or cleated
 - T Tap dance
 - E **Tennis**
 - T Track and cleats
 - T Wading/water sport
 - E **Walking**
- E **Shoulder pads (for dresses, jackets, etc.)**
 - T Shoulder pads (football, hockey, sports)
- E **Shorts**
 - T Shower caps
 - T Skates (ice and roller)
 - T Ski boots (snow)
 - T Ski vests (water)
 - T Ski suits (snow)
 - T Skin diving suits
- E **Skirts**
- E **Sleepwear, nightgowns, pajamas**
- E **Slippers**
- E **Slips**
- E **Soccer socks**
- E **Socks**
 - T Sports helmets
 - T Sports pads (football, hockey, soccer, knee, elbow, shoulder)
- E **Sports uniforms (except pads, helmets, cleated or spiked shoes)**
 - E **Suits, slacks, and jackets**
 - T Sunglasses (except prescription)
 - E **Support hosiery**

- E **Suspenders**
- E **Sweatshirts**
- E **Sweat suits**
- E **Sweaters**
- T Swimming masks
- E **Swim suits**
- E **Swim trunks**

T

- E **Tennis dresses**
- E **Tennis shorts**
- E **Tennis shoes**
- E **Tennis skirts**
- T Ties (neckties - all)
- E **Tights**
- T Track shoes and cleats
- E **Trousers**
- E **Tuxedo, excluding tie, cufflinks, and rentals**

U

- T Umbrellas
- E **Underclothes**
- E **Underpants**
- E **Undershirts**
- E **Uniforms, excluding ties (work, nurse, waitress, military, postal, police, fire)**
- E **Uniforms (baseball, football, etc.; children and adult)**

V-W

- E **Veils**
- T Wallets
- T Watch bands
- T Watches
- T Water ski vests
- T Weight lifting belts
- T Wet and dry suits
- T Wigs, toupees, and chignons
- E **Work clothes, excluding ties**
- E **Work uniforms, excluding ties**
- T Wrist bands
- E ***Wrist braces and supports worn to correct or alleviate a physical incapacity or injury**

* These items are always exempt as prosthetic or orthopedic appliances.