



Tax Information Publication

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2018 Legislative Changes to Rentals, Leases, or Licenses to Use Real Property

State Sales Tax Rate for Rental, Lease, or License to Use Real Property Decreases to 5.7% on January 1, 2019

Effective January 1, 2019, the state sales tax rate imposed under section 212.031, Florida Statutes, on the total rent charged for renting, leasing, letting, or granting a license to use real property is decreased from 5.8% to 5.7%. Some examples of real property rentals subject to tax under section 212.031, Florida Statutes, include commercial office or retail space, warehouses, and self-storage units or mini-warehouses.

The total rent charged includes all consideration due and payable by the tenant to the landlord for the privilege or right to use or occupy the real property. The local option discretionary sales surtax imposed by the county where the real property is located continues to apply to the total rent charged.

Sales tax is due at the rate in effect during the time the tenant occupies, or is entitled to occupy, the real property regardless of when the rent is paid. Rental charges paid on or after January 1, 2019, for rental periods prior to January 1, 2019, are subject to 5.8% state sales tax, plus any applicable discretionary sales surtax. Rental payments made prior to January 1, 2019, that entitle the tenant to occupy the real property on or after January 1, 2019, are subject to 5.7% state sales tax, plus any applicable discretionary sales surtax.

When the amount of total rent charges falls in between whole dollar amounts, the bracket system must be used to calculate the combined tax and surtax.

The decrease in the state sales tax rate for renting, leasing, letting, or granting a license to use real property (commercial rentals) does not apply to the tax imposed on parking or storage of motor vehicles, docking or storage of boats, or tie-down or storage of aircraft.

Information about the proper reporting of tax due on commercial rentals is available on the Department's website at floridarevenue.com/forms, under Sales and Use Tax in brochure GT-800016, *Sales and Use Tax on the Rental, Lease, or License to Use Commercial Real Property*.

New Florida Sales Tax Credit Scholarship Program – Tax Credits Available October 1, 2018

The Florida Sales Tax Credit Scholarship Program authorizes the tenant of a commercial rental property to receive a credit against the state sales tax due under section 212.031, Florida Statutes, on rent, lease, or license fee payments due on or after October 1, 2018, for contributions paid to an eligible nonprofit scholarship-funding organization. The Florida Department of Education establishes the eligibility of

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nonprofit scholarship-funding organizations to participate in the Program. Tenants of commercial rental property apply to the Florida Department of Revenue to receive an allocation of the funds available for sales tax credits each state fiscal year (July 1 - June 30).

As a landlord, you will need to provide your federal employer identification number, if available, to any tenant desiring to participate in the Program. If you do not have a federal employer identification number, provide your sales tax registration number for the commercial rental property to the tenant.

When program funds are available and a tenant is eligible to receive a credit allocation, a letter indicating the amount of credit allocation approved will be issued by the Department to the tenant. Before receiving a tax credit, the tenant must make a monetary contribution to the designated eligible nonprofit scholarship-funding organization. The organization receiving the contribution will issue a certificate of contribution containing the amount of the contribution and the date received.

Once a tenant receives a certificate of contribution, the tenant may take a credit against the state sales tax due on the rent, lease, or license fees paid to you **on or after October 1, 2018**. The tenant will provide you a copy of the credit allocation approval letter issued by the Department and the certificate of contribution issued by the eligible nonprofit scholarship-funding organization to document the tax credit. Retain these documents in your records.

You may take the tax credit against the state sales tax due to the Department. Any discretionary sales surtax due must be paid. If your tenant is unable to use the total amount of the available tax credit on a single rent or license fee due to an insufficient amount of state tax due, they may take the credit against future rent or license fees due for a period of up to 10 years.

To receive the tax credit, you must file an electronic *Sales and Use Tax Return* (Form DR-15) and pay the tax due electronically. The total rent, lease, or license fee, and the state sales tax that would otherwise be due, plus any applicable discretionary sales surtax, must be reported on Line C., Commercial Rentals. On new Line C(a), Less Sales Tax Scholarship Credits, report the amount of the tax credit.

You may not amend your sales and use tax return to claim the tax credit; however, you may report the tax credit on your next tax return.

If you are filing the shorter Form DR-15EZ and need to report this credit, call the Department's Taxpayer Services at 850-488-6800 Monday through Friday, excluding holidays, to change your filing return to Form DR-15.

For more information, visit the Department's Florida Sales Tax Credit Scholarship Program web page at floridarevenue.com/taxes/sfo.

References: Section 6, Chapter 2018-6 and Section 33, Chapter 2018-118, Laws of Florida; Sections 212.031(1)(c) and (e) and 212.099, Florida Statutes

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 the Department's website at floridarevenue.com or call Taxpayer Services at 850-488-6800, Monday through Friday (excluding holidays).

For a detailed written response to your questions, write the Florida Department of Revenue, Taxpayer Services MS 3-2000, 5050 West Tennessee Street, Tallahassee, FL 32399-0112.

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