

2017 Florida Disaster Preparedness Sales Tax Holiday Frequently Asked Questions – Sales and Use Tax Dealers



1. What happens during the 2017 Florida Disaster Preparedness Sales Tax Holiday?

During the 2017 Disaster Preparedness Sales Tax Holiday, qualifying items related to disaster preparedness are exempt from sales tax. The holiday period begins at 12:01 a.m. on Friday, June 2, 2017, and ends at 11:59 p.m. on Sunday, June 4, 2017. A list of items that are exempt from tax during the holiday period is provided in [Tax Information Publication \(TIP\) No. 17A01-05](#).

2. Are businesses responsible for correctly exempting qualifying items related to disaster preparedness during the sales tax holiday?

Yes. You are responsible for correctly exempting qualifying items during the holiday period. If you have a question about a specific item that is not listed in TIP No. 17A01-05, contact the Department at **800-352-3671**.

3. What should I do if I mistakenly collect tax on an item that should be exempt from tax during a sales tax holiday?

You should refund the tax to your customer(s). If the tax cannot be refunded, you must report and pay the tax to the Department.

4. What if a customer comes back after the sales tax holiday for a refund of the tax they paid, but I have already remitted the tax to the Department?

You should refund the tax to your customer. You may take a credit on your next sales and use tax return for the tax refunded to the customer.

5. Does a business have the option of not participating in this sales tax holiday?

No.

6. Do I need to change my accounting system to show the temporary exemptions?

No. Your accounting system should adequately identify all items sold that are exempt from tax during this sales tax holiday.

Refunds/Exchanges

7. A customer returns an item that was purchased before the sales tax holiday period and exchanges it for another item during the holiday period. The new item is exempt from tax during the holiday period. Do I give the customer a tax refund?

Yes. You must have documentation (e.g., receipts or invoices) showing that tax was paid on the item at the time of the original purchase.

8. If a customer returns a qualifying exempt item and is given an item of equal price after the sales tax holiday period, is sales tax due on the new item?

If a customer buys an item exempt from tax during the tax holiday period and exchanges it for the same type of item (e.g., different size or different color) after the holiday period expires, no tax will be due.

If a customer buys an item that is exempt from tax during the tax holiday period and returns the item after the holiday period and gets a different type of item, sales tax will apply to the new purchase even if it is the same price.

Coupons, Discounts, and Rebates

9. Why does a store discount coupon reduce the sales price of an eligible item, but a manufacturer's coupon or rebate does not?

The sales price of an item includes all consideration received by the retail seller for that item. The price of an item is not limited to the amount paid by a customer. A coupon, discount, or rebate offered by the retail seller reduces the sales price of an item because it reduces the total amount received by the retail seller for the item.

When a retail seller is reimbursed for the amount of any discount created by a manufacturer's coupon, discount, or rebate, the amount of the reimbursement is included in the taxable sales price of the item.

Manufacturer's coupon example: During the sales tax holiday period, a package of C-cell and D-cell batteries sells for \$32. The customer uses a \$2 manufacturer's coupon when purchasing the batteries. Although the customer pays \$30 for the batteries, the retail seller's sales price remains \$32 because the seller will receive a total of \$32 for the item: \$30 from the customer and \$2 from the manufacturer. The batteries do not qualify for the exemption during the holiday period (the price of the qualifying batteries is more than \$30).

Manufacturer's rebate example: During the sales tax holiday period, a flashlight sells for \$25. The manufacturer is offering a \$5 instant rebate that is redeemed when a solar-powered flashlight is purchased from the retail seller. Although the purchaser pays \$20, the retail seller's sales price remains at \$25 because the seller will receive a total of \$25 for the item: \$20 from the purchaser and \$5 from the manufacturer. The solar-powered flashlight does not qualify for the exemption (the price of the item is more than \$20).

Store discount coupon example: During the sales tax holiday period, a portable generator sells for \$800. The retail seller is offering a 10% discount. After applying the 10% discount, the discounted sales price for the portable generator is \$720. The portable generator is exempt (the sales price is \$750 or less).

Gift Cards

10. If a gift card is purchased during a sales tax holiday, can the customer purchase a qualifying item tax exempt after the sales tax holiday ends?

No. The purchase of the eligible item must be made during the holiday period to be tax exempt. However, when eligible items are purchased during the holiday period using a gift card, the eligible items qualify for the exemption; it does not matter when the gift card was purchased.

Rain Checks

11. If a rain check is issued during the sales tax holiday, can it be used after the holiday to purchase the item tax exempt?

No. The purchase of the eligible item must be made during the holiday period to be tax exempt. When a rain check is issued, a sale has not occurred. The sale occurs when the rain check is redeemed and the item is purchased.

Layaway Sales

12. Are items placed on layaway eligible for the tax exemption during a sales tax holiday?

Yes. A layaway is when an item is set aside for a customer who makes a deposit, agrees to pay the balance of the purchase price over a period of time, and receives the merchandise at the end of the payment period. Eligible items placed on layaway during a holiday period are tax exempt, even if final payment of the layaway is made after the holiday period. If a customer makes a final payment and takes delivery of the items during the holiday period, the eligible items are tax exempt.

Mail-Order, Catalog, or Internet Sales

13. Do the exemptions during a sales tax holiday apply to mail-order, catalog, or Internet sales?

Yes. All mail-order, catalog, or Internet sales of eligible items during the holiday are tax exempt when the order is accepted during the holiday period for immediate shipment, even if delivery is made after the holiday period.

An order is accepted by the mail-order company when action has been taken to fill the order for immediate shipment. Actions to fill an order include assigning an "order number" to a telephone order, confirming an Internet order by an email to the customer, or placing a date received on an order received by mail.

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

14. What do I do about shipping charges for the items purchased by mail-order or through a catalog or the Internet?

Shipping charges separately stated on a customer's invoice are part of the sales price of each item listed on the sales invoice. You must proportionately allocate the shipping charges between the items ordered. The amount of each item is divided by the total amount of all the items ordered to obtain the percentage that each item bears to the total order. Then multiply the total shipping charge by the percentage for each item to determine the amount of the shipping charge applicable to each item.

A customer orders a \$20 flashlight and a \$12 package of C-cell batteries, for a total of \$32 during the sales tax holiday period. The shipping charge is \$10.

Flashlight -- Cost of flashlight/total cost: $\$20 / \$32 = 62.5\%$; Shipping charge for flashlight: $62.5\% \times \$10 = \6.25
○ Total sales price for the flashlight – $\$20 + \$6.25 = \$26.25 + \text{tax}$

Batteries -- Cost of batteries/total cost: $\$12 / \$32 = 37.5\%$; Shipping charge for batteries: $37.5\% \times \$10 = \3.75
○ Total sales price for the batteries – $\$12 + \$3.75 = \$15.75$

The batteries qualify for the exemption. The flashlight is now more than \$20 with the shipping charge included and no longer qualifies for the exemption.

Records and Reporting

15. Do I need to account for exempt sales during a sales tax holiday differently than other tax-exempt sales?

No. There are no additional record-keeping requirements.

Merchant's License or Other Fees (Two Cities in Bay County Only)

16. How do I handle the 1% merchant's license fee (sometimes referred to as a *gross receipts fee*) in Panama City or Panama City Beach during a sales tax holiday?

When stores located in these two cities charge customers the 1% fee, it is part of the sales price subject to sales tax, even when the fee is separately stated on a receipt or invoice. When the sales price of the item, plus the 1% merchant's license fee, makes the total sales price above the per-item price limitation to qualify for exemption during the holiday period, the item does not qualify for the exemption.

Example

Price of lantern	\$20.00
1% merchant's license fee	+ <u>\$0.20</u>
Taxable value of lantern	\$20.20

The lantern is more than \$20 and does not qualify for the exemption.