



# Discretionary Sales Surtax

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## What is Discretionary Sales Surtax?

Discretionary sales surtax, also called a local option county tax, is imposed by most Florida counties and applies to most transactions subject to sales tax. The selling dealer must collect the surtax in addition to Florida's general sales tax of 6 percent. The discretionary sales surtax is based on the rate in the county where you deliver taxable goods or services. A few counties do not impose the surtax.

The Department of Revenue distributes the discretionary sales surtax collected to the counties that levy the surtax. Counties use these funds to help pay for local authorized projects.

## Who Collects the Discretionary Sales Surtax?

Registered sales tax dealers, including out-of-state dealers, who sell and deliver taxable goods or services within a county with a discretionary sales surtax must collect the tax from their customers and pay the surtax to the Department. This applies to all selling dealers who make sales or deliveries into a taxing county, no matter where the selling dealer is located.

Selling dealers do not collect surtax when the sale or delivery of taxable goods or services is in or into a county that does not impose a surtax.

## When is a Transaction Subject to Discretionary Sales Surtax?

You must collect discretionary sales surtax when the transaction occurs in, or delivery is into, a county that imposes a surtax and the sale is subject to sales and use tax. Use the chart below to help you determine when to collect discretionary sales surtax.

<b>When and at What Rate to Collect Discretionary Sales Surtax on Taxable Sales</b>				
If a selling dealer located in any <b>Florida county</b>	with a discretionary surtax	sells and delivers	into the county where the selling dealer is located	surtax <b>is</b> collected at the county rate where the <b>delivery is made</b>
If a selling dealer located in any <b>Florida county</b>	with or without a discretionary surtax	sells and delivers	into counties <b>with different</b> discretionary surtax rates	surtax <b>is</b> collected at the county rate where the <b>delivery is made</b>
If a selling dealer located in any <b>Florida county</b>	with or without a discretionary surtax	sells and delivers	into counties <b>without</b> a discretionary surtax	surtax <b>is not</b> collected
If an <b>out-of-state</b> selling dealer		sells and delivers	into a Florida county <b>with</b> a discretionary surtax	surtax <b>is</b> collected at the county rate where the <b>delivery is made</b>
If an <b>out-of-state</b> selling dealer		sells and delivers	into a Florida county <b>without</b> a discretionary surtax	surtax <b>is not</b> collected

## How Do I Determine When a Transaction Occurs in a County Imposing a Surtax?

Discretionary sales surtax applies to transactions when:

- The selling dealer delivers taxable goods or taxable services in or into a county with a surtax.
- The event for which an admission is charged is located in a county with a surtax. (Surtax is due at the rate in the county where the event takes place.)
- The consumer of electricity is located in a county with a surtax.
- The sale of prepaid calling arrangements occurs in a county with a surtax.
- The location or delivery of tangible personal property covered by a service warranty is within a surtax county. The person receiving consideration for the issuance of a service warranty from the agreement holder must collect surtax at the rate imposed by that county.
- The commercial real property that is leased or rented, or upon which a license for use is granted, is in a county with a surtax.
- The rental of living or sleeping accommodations (transient rentals) occurs in a county with a surtax.
- A registered dealer owing use tax on purchases or leases is in a county with a surtax.

## Discretionary Sales Surtax Rates

In addition to the state sales and use tax rate, individual Florida counties may impose a discretionary sales surtax. Discretionary sales surtax rates vary by county. Counties may charge a rate between 0.5% to 2.5%; however, there are some counties that do not impose the surtax. New surtax rates become effective on January 1 and terminate on December 31 of the year the tax ends.

## Is There a Limit on the Amount of Discretionary Sales Surtax Charged?

In many cases there is a limit to the amount of surtax charged. Discretionary sales surtax applies to the first \$5,000 of the sales amount on the sale, use, lease, rental, or license to use any item of tangible personal property. Tangible personal property is personal property that you can see, weigh, measure, or touch or is in any manner perceptible to the senses, including electric power or energy.

**Example:** \$7,000 dining room set delivered into a county with a 1% discretionary sales surtax.

$\$7,000 \times 6\% =$	$\$420$
$\$5,000 \times 1\% =$	$\underline{\$ 50}$
<b>Total Tax Due =</b>	<b>\$470</b>

When a dealer sells multiple items of tangible personal property to the same purchaser at the same time, the \$5,000 limit applies when the sale or purchase is a single sale that meets **at least one** of these conditions:

- The sale consists of multiple quantities of a single item that the dealer normally sells in multiple quantities in the course of business or that the purchaser normally buys in the course of business.
- The items normally sell as a set or a unit and the use of each item depends on the set being complete. You may not combine items that **are not** normally sold as a set or unit to qualify for the \$5,000 limit.
- The items normally sell in a single sale for the purchaser to use in its normal business practice as an integrated unit.
- The items are component parts that have no use unless assembled with each other to form a working unit or part of a working unit.

The \$5,000 limit does not apply to the following types of transactions. Discretionary sales surtax is due on the full amount.

- Sales of admissions.
- Sales and uses of services.
- Sales of service warranties.
- Charges for prepaid calling arrangements.
- Leases, rentals, and licenses to use real property or transient accommodations.
- Leases or rentals of parking or storage space for motor vehicles in parking lots or garages.
- Docking or storage space in boat docks and marinas.
- Tie-down or storage space for aircraft.

## How Does Surtax Apply to Motor Vehicles, Mobile Homes, Aircraft, and Boats?

The discretionary sales surtax applies only to the first \$5,000 of the total sales price of any motor vehicle, mobile home, aircraft, or boat. The surtax applies as follows:

- **Motor vehicles and mobile homes** – The dealer must collect surtax when the residence address of the purchaser on the title or registration is located within a surtax county.
- **Aircraft and boats** – The dealer must collect surtax when delivery of the aircraft or boat is to a location within a surtax county.

## When is Discretionary Sales Surtax Due?

Discretionary sales surtax is reported with the sales and use tax on the *Sales and Use Tax Return* (Form DR-15 or DR-15EZ). Returns and payments are due on the 1st and late after the 20th of the month following each reporting period, whether you are filing monthly, quarterly, twice a year, or yearly. If the 20th falls on a Saturday, Sunday, or state or federal holiday, returns are timely if filed electronically, postmarked, or hand-delivered on the first business day after the 20th. **Florida law requires you to file a tax return even if you do not owe sales and use tax.**

## Filing and Paying Tax

You can file returns and pay sales and use tax, plus any applicable surtax, using the Department's online file and pay website at [floridarevenue.com/taxes/filepay](http://floridarevenue.com/taxes/filepay) or you may purchase software from a software vendor. A list of software vendors is available on the Department's website at [floridarevenue.com/taxes/eservices](http://floridarevenue.com/taxes/eservices).

When you electronically pay only or you electronically file and pay at the same time, you must initiate your electronic payment and receive a confirmation number no later than 5:00 p.m., ET, on the business day prior to the 20th. Keep the confirmation number in your records. The *Florida eServices Calendar of Electronic Payment Deadlines* (Form DR-659) provides a list of deadlines for initiating electronic payments on time and is available on the Department's website at [floridarevenue.com/forms](http://floridarevenue.com/forms).

If you file your return or pay tax late, a late penalty of 10% of the amount of tax owed, but not less than \$50, may be charged. The \$50 minimum penalty applies even if no tax is due. Penalty will also be charged if your return is incomplete. A floating rate of interest applies to underpayments and late payments of tax. Interest rates are available on the Department's website at [floridarevenue.com/taxes/rates](http://floridarevenue.com/taxes/rates).

You may voluntarily file and pay taxes electronically; however, if you paid \$20,000 or more in sales and use tax during the most recent state fiscal year (July through June), you must file and pay taxes electronically for the next calendar year.

### **Updating Your Business Information**

The quickest way to notify the Department of changes to your account, such as updates to your name, address or location, and when you temporarily suspend or resume business operations, is online at [floridarevenue.com/taxes/updateaccount](http://floridarevenue.com/taxes/updateaccount).

If you close or sell your business, **you must file a final return and pay all taxes due within 15 days** after closing or selling the business. Your final return must cover the period from your most recent return filing to the closing date.

### **Resources for Business Success: Partnership with SCORE**

The Department is proud to partner with SCORE to provide tools and resources to help businesses succeed. SCORE is a nonprofit association of volunteer business counselors supported by the U.S. Small Business Administration. In partnership with SCORE, the Department presents webinars on topics that provide important information for your business. Webinars are available through the Department's website at [floridarevenue.com/taxes/education](http://floridarevenue.com/taxes/education).

### **Reference Material**

**Laws** – Tax laws are available at [leg.state.fl.us](http://leg.state.fl.us).

**Rules** - Chapter 12A-15, Florida Administrative Code, Discretionary Sales Surtax, is available at [flrules.org](http://flrules.org).

**Brochures** – Industry-specific brochures are available on the Department's website.

### **Contact Us**

Information, forms, and tutorials are available on the Department's website at [floridarevenue.com](http://floridarevenue.com).

**To speak with a Department of Revenue representative**, call Taxpayer Services at 850-488-6800, Monday through Friday, excluding holidays.

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- Tax Information Publications (TIPs)
- Proposed rules, including notices of rule development workshops and emergency rulemaking
- Due date reminders for reemployment tax and sales and use tax