



# Sales and Use Tax on Alcoholic Beverages

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## What is Taxable?

Alcoholic beverages, including mixed drinks, beer, ale, and wine, are subject to sales tax, plus any applicable discretionary sales surtax imposed by the county where the beverage is sold. Alcoholic beverages also include packaged goods sold in the original sealed container for consumption off the premises of the business establishment.

Complimentary alcoholic beverages given to customers free of charge as promotional or courtesy items are subject to use tax and discretionary sales surtax on the total cost of the beverage given away, including labor cost and overhead cost to prepare and serve the alcoholic beverage.

## What is Exempt?

Public lodging establishments that advertise complimentary food and drinks are not required to pay tax on the complimentary food or drinks provided when:

- The food or drinks are furnished as part of a packaged room rate;
- No specific amount or separate charge is stated to the guest for such food or drinks;
- The public lodging establishment has a valid license with the Department of Business and Professional Regulation's Division of Hotels and Restaurants; and
- The public lodging establishment rents or leases transient accommodations subject to sales tax.

Wine, liquor, and distilled spirits provided by distributors or vendors for the purpose of wine or spirituous beverage tasting are exempt from sales and use tax. Any charge for admission or participation in a wine or spirituous beverage tasting to the general public is subject to sales tax, plus any applicable discretionary sales surtax imposed by the county where the tasting event occurs.

## Florida's Bracket System

Florida uses a bracket system for calculating sales tax, including any discretionary sales surtax, on each transaction when the transaction falls between two whole dollar amounts. Multiply the whole dollar amount by the tax rate (state tax rate plus any applicable discretionary sales surtax rate) and use the bracket system to calculate the tax on amounts less than a dollar and amounts in between two whole dollars. The *Common Sales Tax Brackets* (Form DR-2X) includes brackets for the combined state rate and various discretionary sales surtax rates.

## How is Tax Calculated?

Any person who sells alcoholic beverages must:

- Collect sales tax and surtax on the total sales price of each alcoholic beverage sale using the bracket system; **or**
- When it is impractical to separately itemize tax on any charge ticket, sales slip, or other receipt to the customer, use one of two methods to calculate sales tax and surtax due based on whether you notify your customers tax is included in the total charge for alcoholic beverages.

### Method 1 – No Public Notice that Tax is Included in Total Charge

Use this method to calculate sales tax and surtax due on sales of alcoholic beverages when you do not notify your customers tax is included in the total charge for alcoholic beverages.

To calculate sales tax and surtax due, multiply the **total receipts** from sales of alcoholic beverages by the effective tax rate for the county where the business is located and the type of alcoholic beverages sold.

<b>Method 1 – No Public Notice to Customers that Tax is Included in Total Charge for Alcoholic Beverages</b>		
<b>Sales and Surtax Rate</b>	<b>Effective Rate for Packaged Goods Only</b>	<b>Effective Rate for Mixed Drinks or Mixed Drinks and Packaged Goods</b>
6.0%	.0635	.0659
6.5%	.0677	.0697
7.0%	.0730	.0751
7.5%	.0776	.0795
8.0%	.0822	.0839

<b>Example</b>
The total receipts of alcoholic beverages by a package store that does not sell mixed drinks is \$2,000. The package store is located in a county with a combined sales and surtax rate of 7.0%.
$\$2,000 \times .0730 = \$146.00$ (sales tax and surtax due)
$\$2,000 \times .01 = \$20.00$ (discretionary sales surtax) Report \$20.00 surtax for this transaction on Line 15(d), Form DR-15, <i>Sales and Use Tax Return</i> .

<b>Example</b>
The total receipts of alcoholic beverages by a business that sells packaged goods and mixed drinks is \$2,000. The business does not segregate sales of packaged goods from mixed drinks. The business is located in a county with a combined sales and surtax rate of 7.0%.
$\$2,000 \times .0751 = \$150.20$ (sales tax and surtax due)
$\$2,000 \times .01 = \$20.00$ (discretionary sales surtax) Report \$20.00 surtax for this transaction on Line 15(d), Form DR-15, <i>Sales and Use Tax Return</i> .

**Method 2 – Public Notice that Tax is Included in Total Charge**

Use this method to calculate sales tax and surtax due on sales of alcoholic beverages when you post price lists or display signs prominently throughout your business establishment notifying customers tax is included in the total charge for alcoholic beverages.

To calculate the sales tax, plus any applicable surtax, due on alcoholic beverage sales:

- Divide the **total receipts** from charges for the sales of alcoholic beverages by the tax rate divisor for the county where the business is located to compute **gross sales**.
- Subtract **gross sales** from the **total receipts** to compute the amount of sales tax and surtax due.

<b>Method 2 – Public Notice to Customers that Tax is Included in Total Charge for Alcoholic Beverages</b>		
<b>Sales and Surtax Rate</b>	<b>Divisor for Packaged Goods</b>	<b>Divisor for Mixed Drinks Rate or Mixed Drinks and Packaged Goods</b>
6.0%	1.0635	1.0659
6.5%	1.0677	1.0697
7.0%	1.0730	1.0751
7.5%	1.0776	1.0795
8.0%	1.0822	1.0839

Example	Example
The total receipts of alcoholic beverages by a package store that does not sell mixed drinks is \$2,000. The package store is in a county with a combined sales and surtax rate of 7.0%.	The total receipts of alcoholic beverages by a business that sells packaged goods and mixed drinks is \$2,000. The business does not segregate sales of packaged goods from mixed drinks. The business is in a county with a combined sales and surtax rate of 7.0%.
$\$2,000 \div 1.0730 = \$1,863.93 \text{ (gross sales)}$ $\$2,000 - \$1,863.93 = \$136.07 \text{ (sales tax and surtax due)}$	$\$2,000 \div 1.0751 = \$1,860.29 \text{ (gross sales)}$ $\$2,000 - \$1,860.29 = \$139.71 \text{ (sales tax and surtax due)}$
$\$2,000 \times .01 = \$20.00 \text{ (discretionary sales surtax)}$ Report \$20.00 surtax for this transaction on Line 15(d)., Form DR-15, <i>Sales and Use Tax Return</i> .	$\$2,000 \times .01 = \$20.00 \text{ (discretionary sales surtax)}$ Report \$20.00 surtax for this transaction on Line 15(d)., Form DR-15, <i>Sales and Use Tax Return</i> .

## Who Must Register to Collect Tax?

Any person who desires to make retail sales of alcoholic beverages must register as a dealer with the Florida Department of Revenue to collect and report sales tax.

You can register to collect, report and pay sales tax and discretionary sales surtax online at [floridarevenue.com/taxes/registration](http://floridarevenue.com/taxes/registration). The online system will guide you through a series of questions that will help you determine your tax obligations. If you do not have internet access, you can complete a paper *Florida Business Tax Application* (Form DR-1).

As a registered sales and use tax dealer, a *Certificate of Registration* (Form DR-11) and a *Florida Annual Resale Certificate for Sales Tax* (Form DR-13) will be mailed to you. If you are not filing electronically, we will mail paper tax returns to you. The *Certificate of Registration* must be displayed in a clearly visible place at your business location. The *Florida Annual Resale Certificate for Sales Tax* is used for tax-exempt purchases you intend to resell. If the goods bought for resale are later used (not resold), you must report and pay use tax and surtax on those items. Florida law provides for criminal and civil penalties for fraudulent use of a *Florida Annual Resale Certificate for Sales 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).

Returns and payments are due 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.**

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 e-Services Calendar of Due Dates* (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 percent of the amount of tax owed, but not less than \$50, may be charged. The \$50 minimum penalty applies also to businesses that file a late return 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).

## 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, or 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

**Rules** – The following rules of the Florida Administrative Code are available at [flrules.org](http://flrules.org).

- *12A-1.057 – Alcoholic and Malt Beverages*
- *12A-15.012 – Alcoholic and Malt Beverages*

## 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.

## Subscribe to Receive Updates by Email

Visit [floridarevenue.com/dor/subscribe](http://floridarevenue.com/dor/subscribe) to sign up to receive an email when the Department posts:

- 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.