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Sales and Use Tax on Bars and Lounges

What is Taxable?

Alcoholic beverages, including mixed drinks, beer, ale, wine, and wine coolers, are subject to sales tax and discretionary sales surtax at the rate where the business is located. Any person who sells alcoholic beverages must:

- Calculate sales tax and surtax on the total sales price of each alcoholic beverage sale; **or**
- When it is impractical to separately record the sales price and the tax and surtax on each alcoholic beverage sale, calculate sales tax and surtax using one of the two methods described in this brochure.

Dealers are prohibited from advertising or holding out to the public that the dealer will absorb any part of the sales tax or surtax due or that the dealer will relieve the purchaser from the payment of sales tax or surtax.

Beverages given to the customer free of charge as promotional, complimentary, or courtesy are subject to use tax and surtax on the total cost of the beverage given away. The taxable cost of the complimentary beverage includes the cost of labor and other overhead costs necessary to prepare and serve the beverage.

What is Exempt?

Public lodging establishments that advertise that they provide complimentary food and drinks do not have to pay sales or use tax on complimentary food or drinks 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 and use tax.

Wine, liquor, and distilled spirits provided by distributors or vendors for "wine tasting" or "spirituous beverage tasting" are exempt. Any charge made to the public for "wine tasting" and "spirituous beverage tasting" is subject to sales tax and surtax.

How is Tax Calculated?

Sales tax and surtax are calculated at the point-in-time when each alcoholic beverage sale is made. When sales transactions are between whole dollar amounts, the **bracket system** is used to calculate tax and surtax due when any part of each total sale is less than a whole dollar amount. The amount of sales tax and surtax must be separately shown on each guest bill, invoice, or other evidence of the sales transaction. We provide *Sales Tax Rate Tables* and individual bracket charts for every current tax rate in Florida and they are available for download from our website at **www.myflorida.com/dor**.

How you calculate the sales tax and surtax due depends on whether you put the public on notice that tax is already included in the total charge for each sale of alcoholic beverage. If you choose to include the sales tax and surtax in the cost of the alcoholic beverage we provide a tax rate or tax rate divisor for computing sales tax and surtax on alcoholic beverages for sales of packaged goods and for sales of mixed drinks. "Packaged Goods" are those alcoholic beverages that are sold in the original sealed container and sold only for consumption off the business premises.

To report sales tax and surtax, you will need to know the total gross sales of alcoholic beverages for your reporting period and the tax rate for your county. If you do not put the public on notice that sales tax is included in the total charge for alcoholic beverages, you must use Method 1. When you do put the public on notice by posting price lists or displaying signs prominently throughout your business that sales tax is included in the total charge for alcoholic beverages, use Method 2.

When your records for sales of packaged goods are segregated from sales of mixed drinks, you may calculate sales tax and surtax due on sales of packaged goods separately from calculating the sales tax and surtax due on sales of mixed drinks.

Method 1 – No Public Notice of Tax Included in Sales Price

Use this method to calculate sales tax and surtax on sales of alcoholic beverages if you have not notified the public that sales tax is included in your charges for alcoholic beverages.

To calculate the sales tax and surtax due on sales of alcoholic beverages, multiply the **total gross sales** of alcoholic beverages in a reporting period by the tax rate for the county in which your business is located.

Method 1 – No Public Notice of Tax Included in Sales Price Tax Rate Chart		
State & County Tax Rate	**Rate for Package Store ONLY**	**Rate for Mixed Drinks with or without Package Store**
6.0%	.0635	.0659
6.5%	.0677	.0697
7.0%	.0730	.0751
7.5%	.0776	.0795
8.0%	.0822	.0839

Example: The **total gross sales** of alcoholic beverages by a package store that does **not** sell individual mixed drinks is $2,000. The package store is located within a county imposing a one percent (1%) surtax.

Example: sales tax rate of **6%** plus the county surtax rate of **1%** = **7%** rate

$2,000 × .0730 = $146.00 (sales tax and surtax due)

Example: The **total gross sales** of alcoholic beverages by a package store that sells packaged goods and individual mixed drinks is $2,000. The package store is located within a county imposing a one percent (1%) surtax.

Example: sales tax rate of **6%** plus the county surtax rate of **1%** = **7%** rate

$2,000 × .0751 = $150.20 (sales tax and surtax due)

Method 2 – Public Notice of Tax Included in Sales Price

Use this method to calculate sales tax and surtax on sales of alcoholic beverages when you notify the public, through either posted price lists or signs displayed throughout the business, that sales tax is included in the total charge.

To calculate the sales tax and surtax due on sales of alcoholic beverages for a reporting period:

1. Divide the **total receipts** of alcoholic beverages by the rate divisor for the county in which you are located to calculate **gross sales**.
2. Subtract **gross sales** from the **total receipts** to compute the amount of sales tax and surtax due.

Method 2 – Public Notice of Tax Included Tax Rate Chart		
State & County Tax Rate	**Rate for Package Store ONLY**	**Rate for Mixed Drinks with or without Package Store**
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: The total receipts of alcoholic beverages by a package store that does **not** sell individual mixed drinks is $2,000. The package store is located within a county imposing a one percent (1%) surtax.

Example: sales tax rate of **6%** plus the county surtax rate of **1%** = **7%** rate

$2,000 ÷ 1.0730 = $1,863.93 gross sales

$2,000 - $1,863.93 = $136.07 (sales tax and surtax due)

Example: The total receipts of alcoholic beverages by a package store that sells packaged goods and individual mixed drinks is $2,000. The package store is located within a county imposing a one percent (1%) surtax.

Example: sales tax rate of **6%** plus the county surtax rate of **1%** = **7%** rate

$2,000 ÷ 1.0751 = $1,860.29 gross sales

$2,000 - $1,860.29 = $139.71 (sales tax and surtax due)

When is Tax Due?

Returns and payments are due the first day of the month 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 and payments will be timely if they are postmarked 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.**

Electronic Filing and Payment

We offer the use of our free and secure website to file and pay sales tax. You also have the option of buying software from a software vendor. For more information on electronic filing and payment options, visit our website.

You may voluntarily file and pay taxes electronically; however, if you pay $20,000 or more in sales and use tax between July 1 and June 30 (the state fiscal year), you must use electronic funds transfer (EFT) for the next calendar year to pay your taxes.

If you make tax payments using electronic funds transfer (EFT), you must initiate electronic payments no later than 5:00 p.m., ET, on the business day before the 20th.

Penalty and Interest

Penalty - 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 even if no tax is due. Penalty will also be charged if your return is incomplete.

Interest - A floating rate of interest applies to underpayments and late payments of tax. Current and prior period interest rates are posted on our website.

Reference Material

Tax Laws – Our online Revenue Law Library contains statutes, rules, legislative changes, opinions, court cases, and publications. Search the library for:

- Rule 12A-1.057, Florida Administrative Code (F.A.C.) - *Alcoholic and Malt Beverages*
- Rule 12A-1.0115, F.A.C. - *Sales of Food Products Served, Prepared, or Sold in or by Restaurants, Lunch Counters, Cafeterias, Hotels, Taverns, or Other Like Places of Business and by Transportation Companies*
- Rule 12A-15.012, F.A.C. - *Alcoholic and Malt Beverages*

Brochures – Download these brochures from our "Forms and Publications" page:

- *Florida's Discretionary Sales Surtax* (GT-800019)
- *Florida Annual Resale Certificate for Sales Tax* (GT-800060)

Contact Us

Information, forms, and tutorials are available on our website: **www.myflorida.com/dor**

To speak with a Department representative, call Taxpayer Services, 8 a.m. to 7 p.m., ET, Monday through Friday, excluding holidays, at 800-352-3671.

To find a **taxpayer service center** near you, go to: **www.myflorida.com/dor/contact.html**

For written replies to tax questions, write to:

Taxpayer Services - MS 3-2000
Florida Department of Revenue
5050 W Tennessee St
Tallahassee FL 32399-0112

Get the Latest Tax Information

Subscribe to our tax publications to receive due date reminders or an email when we post:

- Tax Information Publications (TIPs).
- Proposed rules, notices of rule development workshops, and more.

Go to: **www.myflorida.com/dor/list**