

2021 Florida Disaster Preparedness Sales Tax Holiday: Frequently Asked Questions for Sales and Use Tax Dealers

TAX COLLECTION RESPONSIBILITIES

- 1. 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 Tax Information Publication [No. 21A01-04](#), contact the Florida Department of Revenue at (850) 488-6800.
- 2. 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.
- 3. 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 of Revenue?**
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.
- 4. Does a business have the option of not participating in this sales tax holiday?**
No. However, the sales tax holiday does not apply to the rental or repair of any of the qualifying items. Additionally, the sales tax holiday does not apply to sales in a theme park, entertainment complex, public lodging establishment or airport.
- 5. Do I need to change my accounting system to show the temporary exemptions?**
Your accounting system should adequately identify all items sold that are exempt from tax, including those items sold tax exempt during this sales tax holiday.
- 6. Is there a limit on the number of items that can be sold exempt during the sales tax holiday?**
No. The exemption is based on the sales price of each item.

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 sales tax holiday period. The new item is exempt from tax during the sales tax 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 sales tax holiday period and exchanges it for the same type of item (e.g., different size or color) after the sales tax holiday period expires, no tax will be due.

If a customer buys an item that is exempt from tax during the sales tax holiday period and returns the item after the sales tax 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 a qualifying 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 \$52. The customer uses a \$2 manufacturer's coupon when purchasing the batteries. Although the customer pays \$50 for the batteries, the retail seller's sales price remains \$52 because the seller will receive a total of \$52 for the item: \$50 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 \$50).

Manufacturer's rebate example: During the sales tax holiday period, a flashlight sells for \$45. 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 \$40, the retail seller's sales price remains at \$45

because the seller will receive a total of \$45 for the item: \$40 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 \$40).

Store discount coupon example: During the sales tax holiday period, a portable generator sells for \$1,100. The retail seller is offering a 10% discount. After applying the 10% discount, the discounted sales price for the portable generator is \$990. The portable generator is exempt (the sales price is \$1,000 or less).

RECORDS AND REPORTING

10. 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.

SHIPPING CHARGES

11. How does sales tax apply toward shipping charges for items purchased remotely (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 among 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 toward the total order. Multiply the total shipping charge by the percentage for each item to determine the amount of the shipping charge applicable to each item.

Example: A customer orders a \$36 flashlight and a \$42 package of C-cell batteries, for a total of \$78, during the sales tax holiday period. The shipping charge is \$10.

Flashlight – Cost of flashlight/total cost: $\$36 / \$78 = 46.15\%$

Shipping charge for flashlight: $46.15\% \times \$10 = \4.62

Total sales price for the flashlight: $\$36 + \$4.62 = \$40.62 + \text{tax}$

Batteries – Cost of batteries/total cost: $\$42 / \$78 = 53.84\%$

Shipping charge for batteries: $53.84\% \times \$10 = \5.38

Total sales price for the batteries: $\$42 + \$5.38 = \$47.38$

The flashlight is now more than \$40 with the shipping charge included and no longer qualifies for the sales tax exemption. The batteries remain under \$50 with the shipping charge included and qualify for the exemption.

MERCHANT'S LICENSE OR OTHER FEES (TWO CITIES IN BAY COUNTY ONLY)

12. How do I handle the 1% merchant's license fee (sometimes referred to as a *gross receipt 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 sales tax holiday period, the item does not qualify for the exemption.

Example:

Price of lantern	\$40.00
1% merchant's license fee	<u>+ \$0.40</u>
Taxable value of lantern	\$40.40

The lantern is more than \$40 and does not qualify for the exemption.

SETS CONTAINING BOTH EXEMPT AND TAXABLE ITEMS

13. When qualifying items are normally sold together with non-qualifying taxable merchandise as a set or single unit, is the entire set still subject to sales tax?

Yes. For example, four AA rechargeable batteries are sold in a package that includes a battery charger for \$35. Although the batteries would qualify for the exemption if sold separately during the sales tax holiday period, the battery charger does not qualify. The full sales price of \$35 is taxable.

ADDITIONAL INFORMATION

14. I didn't see my question listed here. Where can I find additional information about the 2021 Florida Disaster Preparedness Sales Tax Holiday?

If you have a question about a specific item that is not listed in Tax Information Publication [No. 21A01-04](#), contact the Florida Department of Revenue at (850) 488-6800.