



2022 Freedom Week Sales Tax Holiday: Frequently Asked Questions for Sales and Use Tax Dealers

TAX COLLECTION RESPONSIBILITIES

- 1. Am I responsible for correctly exempting qualifying items during the sales tax holiday period?**
Yes, you are responsible for correctly exempting qualifying items during the tax holiday period. If you have a question about a specific item that is not listed in Tax Information Publication (TIP) No. [22A01-04](#), 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 the sales tax holiday period?**
Sales tax becomes state funds at the moment of collection. You may 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 inadvertently paid, but I have already remitted the tax to the Department of Revenue?**
You may 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.

NON-EXEMPT ITEMS

- 4. When tax-exempt items are normally sold together with taxable items as a set or single unit, is the entire set still subject to sales tax?**
Yes. For example, a camping stove is sold for \$50 in a package that includes a canister of camping fuel. Although the camping stove would qualify for the exemption if sold separately during the sales tax holiday period, the camping fuel does not qualify. The full sales price of \$50 is taxable.
- 5. What other types of items are not exempt?**
The 2022 Florida Freedom Week Sales Tax Holiday does not apply to rentals of any eligible items, or to sales in a theme park, entertainment complex, public lodging establishment, or airport.

In addition, if the purchaser of an admission subsequently resells the admission, the purchaser must collect sales tax on the full sales price of the resold admission.

REFUNDS/EXCHANGES

- 6. 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.

- 7. 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 eligible item during the sales tax holiday period and later exchanges it for another tax-exempt item, no tax will be due, even after the tax holiday period expires.

If a customer buys an eligible item during the sales tax holiday period and later returns the item and receives credit toward the purchase of an item that did not qualify for the exemption, sales tax will apply to the new purchase.

RECORDS AND REPORTING

- 8. 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.

BUY ONE, GET ONE FREE SPECIALS

- 9. If my store is offering a “buy one, get one free” or “buy one, get one for a reduced price” special on a qualifying item, do I average the price to determine the amount to tax to collect? For example, I am selling collapsible camping chairs “buy one, get one free” for \$100, will the transaction be tax-free because I am effectively selling each chair for \$50?**

The total price of items advertised as “buy one, get one free” or “buy one, get one for a reduced price” cannot be averaged for both items to qualify for the exemption. In this case, the first \$50 of the sales price of a collapsible camping chair is exempt from sales tax; however, sales tax is owed on the remaining \$50 paid.

GIFT CARDS

- 10. If the customer purchases a gift card during the sales tax holiday period, can the customer then purchase a qualifying item tax-exempt using the gift card after the tax holiday period ends?**

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

SHIPPING CHARGES

11. How does sales tax apply toward shipping charges for items purchased by remote sale (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 towards 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 cooler, for a total of \$78, during the sales tax holiday period. The shipping charge is \$10.

Flashlight:

Cost of flashlight ÷ total cost: $\$36 \div \$78 = 46.15\%$

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

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

Cooler:

Cost of cooler ÷ total cost: $\$42 \div \$78 = 53.84\%$

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

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

Because the first \$30 of the sales price of the flashlight is exempt from sales tax, tax is only owed on the remaining \$10.62. In addition, because the first \$75 of the sales price of coolers is exempt from sales tax, the total sales price (\$47.38) is exempt.

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 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.

Example:

Price of flashlight	\$40.00
1% merchant's license fee	<u>+\$0.40</u>
Total price	\$40.40

The first \$30 of the sales price of the flashlight is exempt, so sales tax is owed on the remaining \$10.40.

RAIN CHECKS

13. If a store issues a rain check during the sales tax holiday period, can the customer use it after the sales tax holiday period to purchase the item tax-exempt?

No. The purchase of the qualifying item must be made during the sales tax 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 ITEMS

14. If the customer places an item on layaway, is it eligible for the tax exemption during the sales tax holiday period?

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. Qualifying items placed on layaway during the sales tax holiday period are tax-exempt, even if final payment of the layaway is made after the tax holiday period. If a customer makes a final payment and takes delivery of the items during the tax holiday period, the qualifying items are tax-exempt.

REMOTE SALES (MAIL ORDER, CATALOG, AND INTERNET)

15. Do the exemptions during the sales tax holiday apply to remote sales?

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

An order is accepted by the remote seller 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.

COUPONS, DISCOUNTS, AND REBATES

16. 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 camping lantern sells for \$40. The customer uses a \$2 manufacturer's coupon when purchasing the lantern. Although the customer pays \$38 for the lantern, the retail seller's sales price remains \$40 because the seller will receive a total of \$40 for the item: \$38 from the customer and \$2 from the manufacturer. Because the first \$30 of the sales price of a camping lantern is exempt from sales tax, the retail seller collects sales tax on the remaining \$10.

Manufacturer's rebate example: During the sales tax holiday period, a flashlight sells for \$35. The manufacturer is offering a \$5 instant rebate that is redeemed when a flashlight is purchased from the retail seller. Although the purchaser pays \$30, the retail seller's sales price remains at \$35 because the seller will receive a total of \$35 for the item: \$30 from the purchaser and \$5 from the manufacturer. Because the first \$30 of the sales price of a flashlight is exempt from sales tax, the retail seller collects sales tax on the remaining \$5.

Store discount coupon example: During the sales tax holiday period, a charcoal grill sells for \$300. The retail seller is offering a 10% discount. After applying the 10% discount, the discounted sales price for the charcoal grill is \$270. Because the first \$250 of the sales price of a charcoal grill is exempt from sales tax, the retail seller collects sales tax on the remaining \$20.

ADDITIONAL INFORMATION

17. Who is responsible for determining which items are exempt and which aren't?

The 2022 Florida Freedom Week Sales Tax Holiday is established through the lawmaking authority of the Florida Legislature. Sales tax holiday periods, and the items exempted by the holiday period, must be passed into law by the Legislature.

18. How can I request that a certain type of product be added to the list?

Sales tax holiday periods, and the items exempted by them, are passed into law by the Florida Legislature. You may wish to contact your local representative regarding your suggestion.

19. I didn't see my question listed here. Where can I find additional information about the 2022 Florida Freedom Week Sales Tax Holiday?

If you have a question about a specific item that is not listed in TIP No. [22A01-04](#), contact the Florida Department of Revenue at (850) 488-6800.