Rounding to Replace Bracket System in Calculation of Sales and Use Taxes

As a result of recent legislation, the bracket system for calculating sales tax and discretionary sales surtax in the State of Florida is replaced by a rounding algorithm.

Dealers must use a rounding algorithm that:

1. Carries the tax computation to the third decimal place; and
2. Always rounds up to the next whole cent when the third decimal place is greater than 4.

Examples: $5.045 rounds to $5.05  
$3.213 rounds to $3.21

Dealers may compute the tax by applying the rounding algorithm to the combined taxable amount on an invoice or to individual taxable items on an invoice.

This law change is effective July 1, 2021, but dealers have until September 30, 2021, to update their systems to comply with the new rounding algorithm. This law does not create a right to a refund or credit of any tax paid from July 1, 2021, through September 30, 2021, when a dealer calculates, collects, and remits tax in compliance with either the bracket system or the newly required rounding algorithm. Tax remitted under the bracket system prior to July 1, 2021, is not subject to refund or credit based upon use of the rounding algorithm.

References: Sections 11 and 21, Chapter 2021-2, Laws of Florida; Section 212.12(10), Florida Statutes

For More Information

This document is intended to alert you to the requirements contained in Florida laws and administrative rules. It does not by its own effect create rights or require compliance.

For forms and other information, visit the Department’s website at floridarevenue.com or call Taxpayer Services at (850) 488-6800, Monday through Friday (excluding holidays).

For a detailed written response to your questions, write the Florida Department of Revenue, Taxpayer Services MS 3-2000, 5050 West Tennessee Street, Tallahassee, FL 32399-0112.

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