



Tax Information Publication

TIP

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Florida Documentary Stamp Tax is Imposed on Promissory Notes

What is a Promissory Note?

A promissory note is a written promise to pay someone a certain amount of money on demand or at a specified date in the future. Specifically, it is an unconditional written promise, signed by the maker (borrower), to pay absolutely and at all events a sum certain in money, either to the bearer or to a payee designated in the promissory note. This includes both interest-bearing and non-interest-bearing notes.

Florida Documentary Stamp Tax

Section 201.08(1)(a), Florida Statutes (F.S.), provides a documentary stamp tax of \$0.35 on each \$100, or fraction thereof, of the indebtedness or obligation evidenced thereby on a written obligation to pay money that is made, executed, delivered, sold, transferred, or assigned in Florida, and for each renewal of the same.

The documentary stamp tax on a promissory note may not exceed \$2,450. The \$2,450 tax limit does not apply to a mortgage, security agreement, or other lien filed or recorded in Florida.

To be taxable in Florida, a written obligation to pay money (a promissory note) must have the following three elements within the document or must expressly incorporate other documents such that, when the documents are read together, they contain these elements:

1. An unconditional written promise to pay
2. A sum certain in money
3. The signature of the borrower (written or electronic)

Promissory notes executed or acknowledged by the borrower in Florida are subject to documentary stamp tax. When a promissory note is signed by its maker in another state and sent to the payee in Florida, after which it is examined, approved and accepted and a loan in the principal amount of the note is made to the maker, the promissory note is subject to tax.

If a borrower in Florida executes a loan via an electronic application on a smartphone or a lender's website, the note or written obligation to pay money is subject to tax in Florida.

A promissory note can be secured by real or tangible property, or it can be unsecured. A promissory note can be simple or complex, and it can be written to require any number of payment(s). For example:

- A single payment
- A specific number of payments, such as four
- Multiple payments, such as 12 monthly payments over the period of a year
- Multiple payments, such as 72 monthly payments over a six-year period (common with automobile loans)

Some common examples of written obligations to pay money that are subject to tax in Florida include:

- Automobile loans
- Personal loans – small or large
- Business loans
- Retail installment sale contracts with or without an interest charge – some might include language such as “90 days same as cash” or “four easy payment options”

Additional Information

See the Florida Department of Revenue's Documentary Stamp Tax webpage.

For the computation of tax, see Rule 12B-4.052, Florida Administrative Code (F.A.C.).

For taxable documents, see Rule 12B-4.053, F.A.C.

For a description and listing of exempt transactions, see Rule 12B-4.054, F.A.C.

If you discover that you have underpaid documentary stamp tax on promissory notes, you may wish to take advantage of the Department's Voluntary Disclosure Program, which provides a waiver of penalties and limits the lookback period to three years. You can use the Voluntary Disclosure Program to report underpaid documentary stamp taxes or any other taxes administered by the Department.

References: Section 201.08, F.S., Rules 12B-4.052, 12B-4.053 and 12B-4.054, F.A.C.

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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