FLORIDA DEPARTMENT OF REVENUE

Tax Information Publication **TIP**

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Sales Tax on Commercial Rentals Repealed Effective October 1, 2025

Effective October 1, 2025, the state sales tax imposed on rent or license fees for the use of real property (commercial rentals) under section 212.031, Florida Statutes (F.S.), is repealed. This means no state sales tax or discretionary sales surtax applies to rent or license fees for rental or occupancy periods beginning on or after October 1, 2025. Examples of commercial rentals subject to the repeal include rentals of commercial office or retail space, warehouses, and self-storage units.

Excluded from Repeal

Sales tax and any applicable discretionary sales surtax **continue to apply to**:

- Rent or license fee payments for rental or occupancy periods through September 2025, even if payment is made on or after October 1, 2025. Example: If a tenant pays August 2025 rent in October, state sales tax of 2% plus any applicable discretionary sales surtax must be reported and remitted to the Florida Department of Revenue.
- Sales tax imposed under s. 212.03, F.S., on:
    - Rentals or leases of living, sleeping, or housekeeping accommodations for six months or less (transient rentals)
    - Parking or storage spaces for motor vehicles in parking lots or garages
    - Docking or storage spaces for boats in boat docks or marinas
    - Tie-down or storage space for aircraft at airports

Lessors of Commercial Real Property

If your sales and use tax account (certificate of registration) is used **only** to report and remit sales tax on commercial rentals, you must continue filing returns for reporting periods through September 2025.

Filing frequency	**Return reporting period(s)**
Monthly	July 2025, August 2025, and September 2025
Quarterly	July – September 2025
Semiannual	July – December 2025
Annual	January – December 2025
Returns must be filed for each reporting period even if no tax is due.	

- After receiving your return(s) for the final reporting periods, the Department will update your account status based on the law change.

- If you later receive rent or license fee payments for occupancy periods prior to October 1, 2025, you must report and remit the applicable tax.

If your account is also used to report other taxable transactions (e.g., sales of tangible personal property), continue reporting and remitting tax on those transactions.

Scholarship Funding Tax Credit Program for Commercial Rentals
Due to the repeal of sales tax on commercial rentals, no new Florida Tax Credit Scholarship Program credit allocations related to commercial rentals will be issued on or after July 1, 2025. Lessees may use credits earned from contributions made prior to July 1, 2025, against the state sales tax due on rent or license fees paid through September 2025.

Questions and Answers

1. **Do I have to collect sales tax if my tenant pays rent after October 1, 2025, for a prior rental period?**
   Yes. Rent or license fee payments for rental periods through September 2025 are taxable even if payment is made on or after October 1, 2025. Delayed payment of rent for taxable rental periods does not avoid tax.

2. **Do I have to collect sales tax if my tenant pays rent for October 2025 in September 2025?**
   No. Payments made before October 1, 2025, for rental periods on or after that date are not subject to tax. However, you must still file a return for September 2025 even if no tax is due.

3. **I am a semiannual filer. Do I report rent for October – December 2025 on my July – December 2025 return, even if it's not taxable?**
   No. Non-taxable rent should not be reported.

4. **I am an annual filer. Do I report rent for October – December 2025 on my January – December 2025 return?**
   No. Non-taxable rent should not be reported.

5. **My tenant paid rent and sales tax for October 2025 – December 2025 in June 2025. I already reported and remitted the tax. How do I get a refund?**
   You must refund the sales tax to the tenant before requesting a refund from the Department. File an *Application for Refund – Sales and Use Tax* (Form DR-26S) and include documentation that tax was refunded to the tenant. Submit refund claims online at floridarevenue.com/taxes/refunds.

   Rule 12A-1.014, Florida Administrative Code, available at flrules.org, provides more information about sales tax refunds.

6. **Do I have to keep my records related to commercial rentals?**
   Yes. Generally, you must retain suitable books and records for at least three years, pursuant to s. 95.091(3), F.S.

7. **Will discretionary sales surtax still apply after October 1, 2025?**
   No. The statutory repeal applies to both the state sales tax and any associated discretionary sales surtax.

8. **If my tax account is used only for commercial rentals, do I need to request that it be closed?**
   No. The Department will update your account automatically after you file your return(s) for the final reporting period(s). However, if you later receive rent or license fee payments for occupancy periods prior to October 1, 2025, you must report and remit the applicable tax.

9. **Do I need to make an estimated tax payment for October 2025?**
   If your tax account is used only for commercial rentals, no estimated payment is required for October 2025. If your tax account is used for other taxable activities, continue making payments.

10. **How do I request a refund of estimated tax credits I cannot use?**
    File an *Application for Refund – Sales and Use Tax* (Form DR-26S) with supporting documentation. You may also submit your claim online at floridarevenue.com/taxes/refunds.

11. **I have penalty and interest due for late returns on my commercial property. Will those be canceled?**
    No. You are still responsible for resolving the liability. Failure to do so may result in further enforcement activity. The fastest way to pay is online at taxapps.floridarevenue.com/OnlineBillPayment/SelectBillType.aspx.

12. **I paid tax to my landlord for October rent. How do I get a refund?**
    A tenant who has paid tax to a landlord (dealer) when no tax is due must secure a refund of the tax from the landlord and not from the Department of Revenue. See Rule 12A- 1.014, Florida Administrative Code, at flrules.org.

13. **I have a direct pay permit for self-accruing and remitting sales tax on leases and licenses of real property. Does the repeal apply to the rent I pay to my lessors?**
    Yes. The repeal applies to rent or license fees for occupying, or the right to occupy, real property for rental or occupancy periods beginning on or after October 1, 2025.

14. **Are license fees paid under agreements that grant vending and amusement machine operators the right to use real property subject to the repeal?**
    Yes. The repeal applies to license fees for occupying, or the right to occupy, real property for rental or occupancy periods beginning on or after October 1, 2025.

15. **I own a beauty salon and rent floor space to independent stylists. I have been collecting sales tax on these rentals. Can I stop collecting sales tax effective October 1, 2025?**
    Sales tax and discretionary sales surtax apply to rent or license fee payments for periods of occupancy through September 2025. Rent or license fees for occupancy periods beginning on or after October 1, 2025, are not subject to sales tax or discretionary sales surtax.

16. **I have a question that wasn't addressed. Who can I contact?**
    Call Taxpayer Services at (850) 488-6800 or email fdortaxpayerservices@floridarevenue.com.

References: **Sections 37 and 49, Chapter 2025-208, Laws of Florida**

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 written reply to tax questions, email fdortaxpayerservices@floridarevenue.com.

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