

2022 Florida Tool Time 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 Florida Tool Time Sales Tax Holiday?

Yes, you are responsible for correctly exempting qualifying items during the sales tax holiday period. If you have a question about a specific item that is not listed in Tax Information Publication (TIP) No. [22A01-09](#), 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 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 period 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 the customer. You may take a credit on your next sales and use tax return for the tax refunded to the customer.

4. Do I need to account for exempt sales during the sales tax holiday period differently from other tax-exempt sales?

No, there are no additional record-keeping requirements.

REFUNDS/EXCHANGES

5. A customer returns an item that was purchased *before* the sales tax holiday period and exchanges it for another item *during* the tax holiday period. The new item is exempt from tax during the 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.

6. 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 the same item (e.g., different size or color), 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.

SHIPPING CHARGES

7. 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 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 \$170 pair of work boots and a \$45 pair of protective coveralls, for a total of \$215, during the Florida Tool Time Sales Tax Holiday. The shipping charge is \$20.

Work Boots:

Cost of work boots ÷ total cost: $\$170 \div \$215 = 79\%$

Shipping charge for work boots: $79\% \times \$20 = \15.80

Total sales price for the work boots: $\$170 + \$15.80 = \$185.80$

Protective Coveralls:

Cost of protective coveralls ÷ total cost: $\$45 \div \$215 = 21\%$

Shipping charge for protective coveralls: $21\% \times \$20 = \4.20

Total sales price for the coveralls: $\$45 + \$4.20 = \$49.20$

The protective coveralls qualify for the exemption since the total sales price is under \$50. However, the work boots are now more than \$175 with the shipping charge included and no longer qualify for the exemption.

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

8. How should a business handle the 1% merchant’s license fee (sometimes referred to as a gross receipts fee) in Panama City or Panama City Beach during the sales tax holiday period?

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 of item sold in Panama City:

Price of shop light	\$99.00
1% merchant’s license fee	<u>+ \$0.99</u>
Total price	\$99.99

The total amount, \$99.99, is under the \$100 limit for that type of item and is thus exempt from sales tax.

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.

Store discount coupon example: During the sales tax holiday period, a tool belt sells for \$105. The department store, or retail seller, is offering a 10% discount. After applying the 10% discount, the discounted sales price for the tool belt is \$94.50. The tool belt is exempt (the sales price is \$100 or less).

Manufacturer's coupon example: During the sales tax holiday period, a toolbox sells for \$80. The customer uses a \$10 manufacturer's coupon when purchasing the toolbox. Although the customer pays \$70 for the toolbox, the retail seller's sales price remains \$80 because the seller will receive a total of \$80 for the item: \$70 from the customer and \$10 from the manufacturer. The toolbox does not qualify for the exemption during the holiday period (the price of the toolbox is more than \$75).

Manufacturer's rebate example: During the sales tax holiday period, a handheld pipe cutter sells for \$154. The manufacturer is offering a \$5 instant rebate that is redeemed when the item is purchased from the retail seller. Although the purchaser pays \$149, the retail seller's sales price remains \$154 because the seller will receive a total of \$154 for the item: \$149 from the purchaser and \$5 from the manufacturer. The handheld pipe cutter does not qualify for the exemption (the price of the item is more than \$150).

ADDITIONAL INFORMATION

10. I didn't see my question listed here. Where can I find additional information about the 2022 Florida Tool time Sales Tax Holiday?

If you have a question about a specific item that is not listed in TIP No. [22A01-09](#), contact the Florida Department of Revenue at (850) 488-6800.

11. I heard there were several sales tax holidays this year. Where can I find more information about the other holidays?

House Bill 7071 from the 2022 regular legislative session was signed into law on May 6, 2022. The new law contains ten tax relief holidays and specifies the timeframe for each holiday. For a printable calendar of the tax relief holidays, you can visit our website: [Florida Dept. of Revenue - Tax Holidays and Exemption Periods \(floridarevenue.com\)](#).