

Florida Department of Revenue
Tax Information Publication

TIP 99A01-03

Date Issued: Jun 11, 1999

FLORIDA TAX RELIEF ACT OF 1999

July 31, 1999, through August 8, 1999

What's new this year?

\$100 rather than \$50

9 days rather than 1 week

More items are exempt (see list)

Inside this TIP:

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- > Coupons, rebates, and discounts
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DO YOU SELL CLOTHING, FOOTWEAR, ACCESSORIES?

If you sell clothing, footwear, or certain accessories in the State of Florida, this new law may impact your business.

Florida law provides that no sales tax or discretionary sales surtax (also known as local option sales tax) will be collected on sales of clothing, footwear, and certain accessories having a selling price of \$100.00 or less. This exemption is for the period from 12:01 a.m., July 31, 1999, through midnight, August 8, 1999.

The sales tax exemption applies to each eligible item selling for \$100.00 or less. The exemption applies regardless of how many items are sold on the same invoice to a customer. However, the exemption does not apply to any portion of the price of an item selling for more than \$100.00.

"Clothing" means any article of wearing apparel, including all footwear (except skis, swim fins, roller blades, and skates), intended to be worn on or about the human body. However, "clothing" does not include watches, watchbands, jewelry, umbrellas, handkerchiefs, or sporting equipment. A representative list of items is included in this publication.

This exemption does not apply to sales of clothing within a theme park, entertainment complex, public lodging establishment, or airport.

"Theme park or entertainment complex" means a complex comprised of at least 25 contiguous acres owned and controlled by the same business entity and which contains permanent exhibitions and a variety of recreational activities and has a minimum of 1 million visitors annually.

"Public lodging establishment" means any unit, group of units, dwelling, building, or group of buildings within a complex of buildings, which is rented to guests more than three times in a calendar year for periods of less than 30 days or 1 calendar month, whichever is less, or which is advertised or held out to the public as a place regularly rented to guests.

"Airport" means any area of land or water, or any man-made object or facility located thereon, which is used, or intended for use, for the landing and takeoff of aircraft, and any appurtenant areas which are used, or intended for use, for airport buildings or other airport facilities or rights-of-way, together with all airport buildings and facilities located thereon.

APPLYING THE LAW TO SALES TRANSACTIONS

ARTICLES NORMALLY SOLD AS A UNIT

Articles that are normally sold as a unit must continue to be sold in that manner; they cannot be separately stated, and sold as individual items, in order to obtain the exemption.

Example 1: A pair of shoes normally sells for \$120.00. The pair cannot be split in order to sell each shoe for \$60.00 to qualify for the exemption.

Example 2: A suit is normally priced at \$125.00 on a single price tag. The suit cannot be split into separate articles so that any of the components may be sold for \$100.00 or less in order to qualify for the exemption. However, components that are normally priced as separate articles may continue to be sold as separate articles and qualify for the exemption if the price of an article is \$100.00 or less.

SETS CONTAINING BOTH EXEMPT AND TAXABLE ITEMS

When exempt items are normally sold together with taxable merchandise as a set or single unit, the full price is subject to sales tax.

Example: A gift set consisting of a wallet and key chain is sold for a single price of \$35.00. Although the wallet would otherwise be exempt during the nine-day exemption period, the full price of the gift set is taxable because the key chain is taxable.

BUY ONE, GET ONE FREE OR FOR A REDUCED PRICE

The total price of items advertised as "buy one, get one free", or "buy one, get one for a reduced price", cannot be averaged in order for both items to qualify for the exemption.

Example 1: A retailer advertises pants as "buy one, get one free". The first pair of pants is priced at \$110.00; the second pair of pants is free. Tax is due on \$110.00. The store cannot sell each pair of pants for \$55.00 in order for the items to qualify for the exemption. However, the retailer may advertise and sell the items for 50% off, selling each pair of \$110.00

pants for \$55.00, making each pair eligible for the exemption.

Example 2: A retailer advertises shoes as "buy one pair at the regular price, get a second pair for half price". The first pair of shoes is sold for \$120.00; the second pair is sold for \$60.00 (half price). Tax is due on the \$120.00 shoes, but not on the \$60.00 shoes. The store cannot sell each pair of shoes for \$90.00 in order for the items to qualify for the exemption. However, a retailer may advertise each pair for 25% off, thereby selling each pair of \$120.00 shoes for \$90.00, making each pair eligible for the exemption.

When a customer purchases an eligible item during the exemption period, then later exchanges the item for the same item (different size, different color, etc.), no additional tax will be due even if the exchange is made after the exemption period.

EXCHANGING A TAX EXEMPT PURCHASE AFTER AUGUST 8

When a customer purchases an eligible item during the exemption period, then later returns the item and receives credit on the purchase of a different item, the appropriate sales tax will apply to the full sales price of the newly purchased item.

Example 1: During the exemption period, a customer purchases an \$85.00 dress that qualifies for the exemption. Later, during the exemption period, the customer exchanges the \$85.00 dress for a \$125.00 dress. Tax is due on the \$125.00 dress. The \$85.00 credit from the returned item cannot be used to reduce the sales price of the \$125.00 item to \$40.00 for exemption purposes.

Example 2: A customer purchases a \$35.00 shirt during the exemption period. After the exemption period, the customer exchanges the shirt for a \$35.00 jacket. Since the jacket was not purchased during the exemption period, tax is due on the \$35.00 price of the jacket.

REFUNDS

A customer who pays sales tax to a dealer on an eligible item

when no tax is due must secure a refund of the tax from the dealer and not from the Department of Revenue.

TIME LIMIT ON TAX REFUNDS TO THE CUSTOMER

When a customer returns an eligible item from July 31, 1999, through September 30, 1999, tax will be refunded only if the customer produces a receipt or invoice showing tax was paid on the item, or the retailer has sufficient documentation to show that tax was paid on the specific item.

COUPONS, REBATES AND DISCOUNTS

Manufacturer's coupons do not reduce the sales price of an item. Therefore, a manufacturer's coupon can not be used to reduce the selling price of an item to \$100.00 or less in order to qualify for the exemption.

Example: A jacket sells for \$105.00. The customer has a \$10.00 manufacturer's coupon good for the purchase of the jacket. The manufacturer's coupon does not reduce the sales price of the jacket. Tax is due on \$105.00 even though the customer only pays the retailer \$95.00 for the jacket.

Store coupons and discounts reduce the sales price of an item. Therefore, a store coupon or discount can be used to reduce the sales price of an item to \$100.00 or less in order to qualify for the exemption.

Example: A customer buys a \$400.00 suit and a \$110.00 shirt. The retailer is offering a 10 percent discount. After applying the 10 percent discount, the final sales price of the suit is \$360.00, and the sales price of the shirt is \$99.00. The suit is taxable (it is over \$100.00) and the shirt is exempt (it is less than \$100.00).

Rebates occur after the sale and do not affect the sales price of an item purchased.

Example: A jacket sells for \$105.00. The customer receives a \$10.00 rebate from the manufacturer. The rebate occurs after

the sale so it does not reduce the sales price of the shirt.

Tax is due on \$105.00.

GIFT CERTIFICATES

The sale of a gift certificate is not taxable. Eligible items purchased during the exemption period using a gift certificate will qualify for the exemption, regardless of when the gift certificate was purchased. Eligible items purchased after the exemption period using a gift certificate are taxable even if the gift certificate was purchased during the exemption week. A gift certificate cannot be used to reduce the selling price of an item to \$100.00 or less in order for the item to qualify for the exemption.

RAIN CHECKS

Eligible items purchased during the exemption period using a rain check will qualify for the exemption regardless of when the rain check was issued. However, issuance of a rain check during the exemption period will not qualify an eligible item for the exemption if the item is actually purchased after the exemption period.

LAYAWAY SALES

A layaway sale is a transaction in which merchandise is set aside for future delivery to a customer who makes a deposit, agrees to pay the balance of the purchase price over a period of time and, at the end of the payment period, receives the merchandise. For purposes of this exemption, eligible items will qualify for the exemption if a retailer and a customer enter into a contract for a layaway sale during the exemption period, the customer makes the usual deposit in accordance with the retailer's layaway policy, and the merchandise is segregated from the retailer's inventory. Also, if final payment on a layaway order is made by, and the merchandise is given to, the customer during the exemption period, that sale of eligible items will qualify for the exemption.

RENTALES

Rentals of eligible items do not qualify for the exemption.

MAIL ORDER SALES

For purposes of this exemption, eligible items purchased by mail order (including transactions over the Internet) will receive the exemption if the order is accepted by the mail-order company during the exemption period for immediate shipment. When the acceptance of the order by the mail-order company occurs during the exemption period, the exemption will apply even if delivery is made after the exemption period.

An order is accepted by the mail-order company when the mail order company has taken an action to fill the order for immediate shipment. Actions to fill an order include placing an "in date" stamp on a mail order or assigning an "order number" to a telephone order.

An order is considered to be for immediate shipment when delayed shipment is not requested by the customer. An order is for immediate shipment notwithstanding that shipment may be delayed because of a backlog of orders or because stock is currently unavailable to, or on back order by, the company.

SHIPPING AND HANDLING

Shipping and handling charges are included as part of the sales price of the eligible item, whether or not separately stated.

If multiple items are shipped on a single invoice, to determine if any items qualify for the exemption, the shipping and handling charge must be proportionately allocated to each item ordered, and separately identified on the invoice.

REPAIRS AND ALTERATIONS

Repairs to eligible items do not qualify for the exemption.

Alterations to eligible items do not qualify for the exemption, even though alterations may be sold, invoiced, and paid for at the same time as the item to be altered.

Example: A customer purchases a pair of pants for \$99.00, and pays \$5.00 to the retailer to have the pants cuffed. The \$99.00 charge for the pants is exempt; however, tax is due on the \$5.00 alterations charge.

RECORDS AND REPORTING

No special record keeping or reporting is necessary. Records should be maintained as currently required by law.

FOR BAY COUNTY DEALERS ONLY

Panama City and Panama City Beach impose upon retailers a Merchant's License Fee or similar gross receipts tax or fee, which may be passed on to the customer. The Merchant's License Fee is included in the sales price of each item whether or not the fee is separately stated on the invoice.

Example: A handbag sells for \$99.95. The separately stated 1% gross receipts fee for this item is \$1.00. Since the gross receipts fee is part of the sales price of the item (\$100.95), the handbag will not qualify for the exemption.

Price of handbag	\$ 99.95
1% Merchant's License Fee	\$ 1.00
Taxable value of handbag	\$100.95

List of taxable and exempt items for period 12:01 a.m.,
July 31, 1999, through midnight, August 8, 1999.

The 1999 Florida Legislature has enacted a tax free period directing that:

No sales tax shall be collected on sales of clothing, wallets, or bags, including handbags, backpacks, fanny packs, and diaper bags, but excluding briefcases, suitcases, and other garment bags, having a selling price of \$100 or less during the period from 12:01 a.m., July 31, 1999, through midnight, August 8, 1999. Clothing means any article of wearing apparel, including all footwear, except skis, swim fins, roller blades, and skates, intended to be worn on or about the human body.

Clothing does not include watches, watchbands, jewelry, umbrellas, handkerchiefs, or sporting equipment.

The following is a list of items and their taxable status during the tax free period if they are sold for \$100.00 or less.

T = Taxable

E = Exempt

T/E Item

A

T	Accessories (generally)
E	Barrettes and bobby pins
E	Belt buckles
E	Bow ties
E	Hair bows, clips, and bands
E	Handbags
T	Handkerchiefs
T	Jewelry
E	Neckwear
T	Key cases
E	Ponytail holders
E	Scarves
E	Ties
E	Wallets
T	Watch bands
T	Watches
E	Aerobic clothing
E	Antique clothing
E	Aprons/Clothing shields
T	Athletic gloves
T	Athletic pads
E	Athletic supporters

B

E	Baby clothes
E	Backpacks
E	Bandanas
E	Baseball cleats
E	Bathing suits, caps and cover-ups

- E Belt buckles
- E Belts
- T Belts for weightlifting
- E Bibs
- E Blouses
- E Book bags
- E Boots (except ski boots)
- E Bowling shoes (sold)
- T Bowling shoes (rented)
- E Bow ties
- E *Braces and supports worn to correct or alleviate a physical incapacity or injury
- E Bras
- T Briefcases

C

- E Caps and hats
- T Checkbook covers (separate from wallets)
- T Chest protectors
- E *Choir and altar clothing
- E Cleated and spiked shoes
- E *Clerical vestments
- T Cloth and lace, knitting yarns, and other fabrics
- T Clothing repair items, such as thread, buttons, tapes, iron-on patches, zippers
- E Coats and wraps
- E Coin purses
- T Corsages and boutonnières
- E Corsets and corset laces
- T Cosmetic bags
- E Costumes
- E Coveralls
- T Crib blankets

D

- E Diaper bags
- E Diapers, diaper inserts (adult and baby, cloth or disposable)
- E Dresses
- T Duffel bags

E

- T Elbow pads
- E Employee uniforms

F

- E Fanny packs
- T Fins
- T Fishing boots (waders)
- E Fishing vests (nonflotation)
- T Football pads
- E Formal clothing (unless rented)

G

- T Garment bags
- E Garters and garter belts
- E Girdles, bras, and corsets
- E Gloves (generally)
 - T Baseball
 - T Batting
 - T Bicycle
 - E Dress (unless rented)
 - E Garden
 - T Golf
 - T Hockey
 - E Leather
 - T Rubber
 - T Surgical
 - T Tennis
 - E Work
- T Goggles (except *prescription)
- E Graduation caps and gowns
- E Gym suits and uniforms

H

- E Hair nets, bows, clips, and bands
- E Handbags and purses
- T Handkerchiefs
- T Hard hats
- E Hats
- T Helmets (bike, baseball, football, hockey, motorcycle,

sports)

- E Hosiery, including support hosiery
- E Hunting vests

I-J

- T Ice skates
- E Insoles
- E Jackets
- E Jeans
- T Jewelry

K

- T Key chains
- T Knee pads

L

- E Lab coats
- E Leg warmers
- E Leotards and tights
- T Life jackets and vests
- E Lingerie
- T Luggage

M-N

- T Makeup bags
- E Martial arts attire
- E Neckwear and ties

O-P

- E Overshoes and rubber shoes
- T Pads (football, hockey, soccer, elbow, knee, shoulder)
- T Paint or dust masks
- E Pants
- E Panty hose
- T Patterns
- T Protective masks (athletic)

R

- E Raincoats, rainhats, and ponchos
- E Receiving blankets
- E *Religious clothing

- T Rented clothing (including uniforms, formal wear, and costumes)
- T Repair of wearing apparel
- E Robes
- T Roller blades
- T Roller skates

S

- E Safety clothing
- T Safety glasses (except *prescription)
- E Safety shoes
- E Scarves
- E Scout uniforms
- T Shaving kits/bags
- E Shawls and wraps
- T Shin guards and padding
- E Shirts
- E Shoe inserts
- E Shoes (including athletic)
- E Shoulder pads (for dresses, jackets, etc.)
- T Shoulder pads (football, hockey, sports)
- E Shorts
- T Skates (ice and roller)
- T Ski boots (snow)
- T Ski vests (water)
- T Ski suits (snow)
- T Skin diving suits
- E Skirts
- E Sleepwear, nightgowns, pajamas
- E Slippers
- E Slips
- E Socks
- T Sports helmets
- T Sports pads (football, hockey, soccer, knee, elbow, shoulder)
- E Sports uniforms (except pads, helmets)
- T Suitcases
- E Suits, slacks, and jackets
- T Sunglasses (except *prescription)
- E Suspenders
- E Sweatbands

- E Sweaters
- T Swimming masks
- E Swim suits & trunks

T

- E Ties (neckties - all)
- E Tights
- E Tuxedos, excluding cufflinks and rentals

U

- T Umbrellas
- E Underclothes
- E Uniforms (work, school and athletic excluding pads)

V-W

- E Vests
- E Wallets
- T Watchbands
- T Water ski vests
- T Weight lifting belts
- T Wet and dry diving suits
- T Wigs, toupees, and chignons
- E Work clothes and uniforms

* These items are always exempt as religious, prescription, prosthetic or orthopedic items.

FOR MORE INFORMATION

For more information call (800) 841-1395 (in Florida only) or (850) 922-4825.

Hearing or speech impaired persons can call the TDD line at (800) 367-8331 (in Florida only) or (850) 922-1115.

Seminars will be offered at local service centers. Contact the Florida Department of Revenue Service Center nearest you for details.

Visit our Web site at <http://sun6.dms.state.fl.us/dor/> for forms and other information.

For a detailed written response to your questions, write the Florida Department of Revenue, PO Box 7443, Tallahassee, FL 32314-7443.

Or use Fax on Demand. Call 850-922-3676, twenty-four hours a day, seven days a week using your fax machine handset and follow the instructions.

FLORIDA DEPARTMENT OF REVENUE SERVICE CENTERS

Clearwater Service Center
Arbor Shoreline Office Park
19337 US Hwy. 19 N., Ste. 200
Clearwater, FL 33764-3149
727-538-7400

Cocoa Service Center
2428 Clearlake Road, Bldg. M
Cocoa, FL 32922-5710
407-504-0950

Coral Springs Service Center
Florida Sunrise Tower
3111 N. University Dr., Ste. 504
Coral Springs, FL 33065-5096
954-346-3000

Daytona Beach Service Center
125 N. Ridgewood Ave., Ste. 401
Daytona Beach, FL 32114-3286
904-254-3901

Fort Myers Service Center
2295 Victoria Ave., Ste. 270
Fort Myers, FL 33901-3851
941-338-2400

Gainesville Service Center
2610 NW 43rd St., Ste. 2A
Gainesville, FL 32606-7415

352-955-2170

Hollywood Service Center

Taft Office Complex

6565 Taft St., Ste. 400

Hollywood, FL 33024-4000

954-967-1000

Jacksonville Service Center

921 N. Davis St., A-215

Jacksonville, FL 32209-6828

904-359-6070

Key West Service Center

3118 Flagler Ave.

Key West, FL 33040-4698

305-292-6725

Lake City Service Center

2651 W. US Hwy 90

Lake City, FL 32055-3115

904-758-0420

Lakeland Service Center

230 S. Florida Ave., Ste. 101

Lakeland, FL 33801-5047

941-284-4244

Leesburg Service Center

734 N. Third St., Ste. 117

Leesburg, FL 34748-4463

352-360-6660

Marianna Service Center

4230 Lafayette St., Ste. D

Marianna, FL 32446-3304

850-482-9518

Miami Service Center

8175 NW 12th St., Ste. 119

Miami, FL 33126-1831

305-470-5001

Naples Service Center
The Wilson Professional Center
3200 Bailey Lane, Ste. 150
Naples, FL 34105-8523
941-436-1050

Orlando Service Center
Orlando Executive Center
5420 Diplomat Circle
Orlando, FL 32810-5605
407-623-1141

Panama City Service Center
651 W. 14th St., Ste. D
Panama City, FL 32401-2271
850-872-4165

Pensacola Service Center
3670-C North L Street
Pensacola, FL 32505-5217
850-595-5170

Port Richey Service Center
6709 Ridge Rd., Ste. 300
Port Richey, FL 34668-6842
727-841-4407

Port St. Lucie Service Center
900 E. Prima Vista Blvd., Ste. 300
Port St. Lucie, FL 34952-2335
561-871-7620

Sarasota Service Center
240 S. Pineapple Ave., Ste. 600
Sarasota, FL 34236-6725
941-361-6001

Tallahassee Service Center
2410 Allen Rd.

Tallahassee, FL 32312-2603

850-488-9719

Tampa Service Center

Suite 100

6302 E. Dr. Martin Luther King, Jr. Blvd.

Tampa, Florida 33619-1166

813-744-6344

West Palm Beach Service Center

2468 Metrocentre Blvd.

West Palm Beach, FL 33407-5214

561-640-2800

Florida Department of Revenue

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Tallahassee, FL 32399-0100