

## **2024 Florida Tool Time Sales Tax Holiday: Frequently Asked Questions for Sales and Use Tax Dealers**

### **TAX COLLECTION RESPONSIBILITIES**

**1. What are the dates and items included in the 2024 Florida Tool Time Sales Tax Holiday?**

The tax holiday **begins on Sunday, September 1, 2024, and ends on Saturday, September 7, 2024.**

A list of qualifying items that are exempt from tax during the sales tax holiday is provided in Tax Information Publication (TIP) No. 24A01-06. These include the following items with a sales price of:

- **\$25 or less per pair:**
  - o Work gloves
- **\$30 or less per item:**
  - o High-visibility safety vests
- **\$50 or less per item:**
  - o Duffle bags
  - o Fuel cans
  - o Hand tools
  - o LED flashlights
  - o Protective coveralls
  - o Rakes
  - o Shovels
  - o Tote bags
- **\$50 or less per pair** (or the equivalent if sold in sets of more than one pair):
  - o Safety glasses
- **\$75 or less per item:**
  - o Toolboxes
  - o Hearing protection
- **\$100 or less per item:**
  - o Electrical voltage and testing equipment
  - o Hard hats and other head protection
  - o Shop lights
  - o Tool belts
- **\$125 or less per item:**
  - o Industry code books
  - o Industry textbooks

- **\$150 or less per item:**
  - o Drain opening tools
  - o Handheld pipe cutters
  - o Plumbing inspection equipment
  - o Power tool batteries
- **\$175 or less per pair:**
  - o Work boots
- **\$250 or less per item:**
  - o Ladders
- **\$300 or less per item:**
  - o Power tools
  - o Toolboxes for vehicles

**2. Am I responsible for correctly exempting qualifying items during the sales tax holiday?**

Yes, you are responsible for correctly exempting qualifying items during the sales tax holiday. If you have a question about a specific item that is not listed in TIP No. 24A01-06, contact the Florida Department of Revenue at (850) 488-6800.

**3. Do I collect the local discretionary tax on the items that are exempt from sales tax during the holiday period?**

No. When an item is exempt from sales tax, it is also exempt from discretionary sales surtax. During the holiday period, you will not collect the state sales tax or local option discretionary sales surtax on sales of eligible items.

**4. What should I do if I mistakenly collect tax on an item that should be exempt from tax during the sales tax holiday?**

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.

**5. What if a customer comes back after the sales tax holiday for a refund of the tax they inadvertently paid, but I have already remitted the tax to the Department of Revenue?**

You should 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.

**NON-EXEMPT ITEMS**

**6. When tax-exempt items are normally sold together with taxable items as a set or single unit, is the entire set still subject to sales tax?**

Yes. For example, a pair of protective coveralls is sold for \$50 in a package that includes a T-shirt and a baseball cap. Although the coveralls would qualify for the exemption if sold separately during the sales tax holiday, the other items do not qualify. The full sales price of \$50 is taxable.

**7. What other types of items are not exempt?**

The 2024 Florida Tool Time Sales Tax Holiday does not apply to the following items:

- Otherwise eligible items with a sales price in excess of the limits stated above
- Rentals of any eligible items
- Sales in a theme park, entertainment complex, public lodging establishment, or airport

**REFUNDS/EXCHANGES**

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

**9. If a customer returns a qualifying, exempt item and is given an item of equal price after the sales tax holiday, is sales tax due on the new item?**

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

When a customer purchases an eligible item during the sales tax holiday period, then later returns the item and receives credit toward the purchase of an item that did not qualify for the exemption, the new item purchased is subject to sales tax.

**RECORDS AND REPORTING**

**10. Do I need to account for exempt sales during a sales tax holiday differently than other tax-exempt sales?**

No. There are no additional record-keeping requirements.

**BUY ONE, GET ONE FREE SPECIALS**

**11. If my store is offering a “buy one, get one free” or “buy one, get one for a reduced price” special on a qualifying item, do I average the price to determine the amount of tax to collect? For example, I am selling ladders “buy one, get one free” for \$400; will the transaction be tax-free because I am effectively selling each ladder for \$200?**

The total price of items advertised as “buy one, get one free” or “buy one, get one for a reduced price” cannot be averaged for both items to qualify for the exemption. In this case, sales tax is due on the \$400 sales price of the ladder.

**GIFT CARDS**

**12. If the customer purchases a gift card during the sales tax holiday, can the customer then purchase a qualifying item tax-exempt using the gift card after the tax holiday ends?**

No. The purchase of the qualifying item must be made during the sales tax holiday to be tax-exempt. However, when qualifying items are purchased during the tax holiday using a gift card, the items are tax-exempt; it does not matter when the gift card was purchased.

## RAIN CHECKS

**13. If a store issues a rain check during the sales tax holiday, can the customer use it after the sales tax holiday to purchase the item tax-exempt?**

No. The purchase of the qualifying item must be made during the sales tax holiday to be tax-exempt. When a rain check is issued, a sale has not occurred. The sale occurs when the rain check is redeemed and the item is purchased.

## LAYAWAY ITEMS

**14. If the customer places an item on layaway, is it eligible for the tax exemption during the sales tax holiday?**

Yes. A layaway is when an item is set aside for a customer who makes a deposit, agrees to pay the balance of the purchase price over a period of time, and receives the merchandise at the end of the payment period. Qualifying items placed on layaway during the sales tax holiday are tax-exempt, even if final payment of the layaway is made after the tax holiday. If a customer makes a final payment and takes delivery of the items during the tax holiday, the qualifying items are tax-exempt.

## REMOTE SALES (MAIL ORDER, CATALOG, AND INTERNET)

**15. Do the exemptions during the sales tax holiday apply to remote sales?**

Yes. All remote sales (mail order, catalog, or internet) of qualifying items during the sales tax holiday are tax-exempt when the order is accepted during the sales tax holiday for immediate shipment, even if delivery is made after the tax holiday.

An order is accepted by the remote seller when action has been taken to fill the order for immediate shipment. Actions to fill an order include assigning an order number to a telephone order, confirming an internet order by an email to the customer, or placing a date received on an order received by mail.

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

## SHIPPING CHARGES

**16. 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 to 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:  $\$170 + \$15.80 = \$185.80 + \text{tax}$

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)

#### 17. 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?

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

#### 18. 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.

**Manufacturer’s coupon example:** During the sales tax holiday, a tool box sells for \$80. The customer uses a \$10 manufacturer’s coupon when purchasing the tool box. Although the customer pays \$70 for the tool box, 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 tool box does not qualify for the exemption during the holiday (the price of the tool box is more than \$75).

**Manufacturer’s rebate example:** During the sales tax holiday, 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).

**Store discount coupon example:** During the sales tax holiday, 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).

## ADDITIONAL INFORMATION

### 19. Who is responsible for determining which items are exempt and which aren’t?

The 2024 Florida Tool Time Sales Tax Holiday is established through the lawmaking authority of the Florida Legislature. Sales tax holidays and the items exempted by the holidays must be passed into law by the Legislature.

### 20. How can I request that a certain type of product be added to the list?

Sales tax holidays and the items exempted by the holidays are passed into law by the Florida Legislature. You may wish to contact your local representative regarding your suggestion. You can find your representative at [www.myfloridahouse.gov](http://www.myfloridahouse.gov).

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

House Bill 7073 from the 2024 regular legislative session was signed into law on May 7, 2024. The law contains four tax relief holidays and specifies the time frame for each holiday. For a printable calendar of the tax relief holidays, you can visit our website: [floridarevenue.com/SalesTaxHolidays](http://floridarevenue.com/SalesTaxHolidays).