



PIECES OF THE PUZZLE

January 2018

2018 Sales Tax Rate Change for Commercial Leases

Effective January 1, 2018, Florida's state sales tax rate on commercial real property rentals is reduced. The state sales tax rate for renting, leasing, letting, or granting license to use real property decreases from 6% to 5.8%. The local option discretionary sales surtax imposed by the county where the real property is located will continue to be added to the state rate.

Sales tax is due at the rate in effect during the time the tenant occupies, or is entitled to occupy, the real property regardless of when the rent is paid. Rental charges paid on or after January 1, 2018, for rental periods prior to January 1, 2018, are subject to 6% state sales tax plus any applicable discretionary sales tax. Rental payments made prior to January 1, 2018, that entitle the tenant to occupy the real property on or after January 1, 2018 (prepaid rent), are subject to a 5.8% state sales tax, plus any applicable discretionary sales surtax.

Examples of commercial real property rentals include, but are not limited to, office space, retail space, convention space, and meeting and event rooms. Commercial real property rentals do not include dwelling units or parking facilities. Such property rentals are subject to a 6% state sales tax rate. Please note that the reduction in the state sales tax rate for real property rentals does not apply to rentals of tangible personal property.

If you have any questions, please feel free to contact us.

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