

FLORIDA REDUCES SALES TAX RATE FOR RENTALS OF REAL PROPERTY

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NONPROFIT SPECIAL ALERT™



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Pursuant to statutory changes made in prior years by the Florida Legislature, effective June 1, 2024, the Florida sales tax rate for rentals of real property will be reduced from 4.5 percent to 2.0 percent. On April 8, 2024, the Florida Department of Revenue issued Florida Tax Information Publication No. 24A01-02 (the TIP), announcing the change.¹

The reduced sales tax rates apply to the rental of real property, including commercial office or retail space, warehouses, and self-storage units or mini-warehouses.

The local option discretionary sales surtax imposed by the county where the real property is located continues to apply to the total rent charged, according to the TIP.

The sales tax rate is determined based on the time the tenant occupies or is permitted to occupy the real property, irrespective of when the rent is paid.

This applies as follows:

- Rental charges related to rental periods between December 1, 2023, and May 31, 2024, are subject to the 4.5 percent state sales tax plus any applicable discretionary sales surtax, regardless of when the rent is paid.
- Rental charges related to rental periods beginning on or after June 1, 2024, are subject to the 2.0 percent state sales tax plus any applicable discretionary sales surtax, regardless of when the rent is paid.

There are certain exceptions to the reduced sales tax rate, including rentals or leases of living, sleeping, or housekeeping accommodations for six months or less (i.e., 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, or tie-down or storage space for aircraft at airports.

Unless an exception or exemption applies, Florida nonprofits (including churches) that rent real property out to other parties are generally required to collect and remit sales tax on the rentals. If the tenant is a nonprofit organization with a valid Florida sales tax exemption certificate, rentals to such parties are generally exempt.

The Florida Department of Revenue has issued a brochure (last revised in November 2023) that provides guidance regarding sales and use tax on the rental, lease, or license to use commercial real property.² (The brochure does not include reference to the new lower tax rate.)

BMW Can Help

As always, if you would like assistance addressing the information described in this alert, we would be glad to help! Please email our team at Info@NonprofitCPA.com.

¹ Source: https://floridarevenue.com/taxes/tips/Documents/TIP_24A01-02.pdf

² Source: https://floridarevenue.com/Forms_library/current/brochure/gt800016.pdf

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