

Florida's Taxes on Commercial Leases are *GOING DOWN*

Florida's sales tax on gross rental in commercial leases is being reduced beginning on January 1, 2018. The two-tenths percentage point reduction in the rate could potentially mean thousands in savings for commercial occupiers with large footprints of leased space.

~~6%~~
5.8%

Florida's tax rate will decrease in 2018 from 6% to 5.8% on the total rent charged for renting, leasing, letting or granting a license to use real property.

This simply means that 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 rent is paid. It does not matter when the payment is due or paid, the applicable rate is based on the date the property is occupied.

Rental charges paid on or after Jan. 1, 2018, for rental periods prior to Jan. 1, 2018, are subject to the 6% rate. Rental payments made prior to Jan. 1, 2018, that entitle the tenant to occupy the real property on or after Jan. 1, 2018, are subject to the 5.8% rate.

See attached Florida's Tax Information Publication issued in November 2017

Impact for *LANDLORDS*

You are collecting and remitting less tax in 2018.

Sales taxes must be recalculated at the lower rate.

Impact for *TENANTS*

You are paying less tax in 2018.

This may result in a reduction in total occupancy costs.

