



2015 Florida Sales Tax Holidays Business Owner's Frequently Asked Questions

1. Why did I receive this Tax Information Publication (TIP)?

The TIP was mailed to registered taxpayers with active sales and use tax accounts. It notifies you of items that are tax exempt during specific sales tax holidays.

2. Am I responsible for correctly charging sales tax during the tax holiday? How will I know what items are exempt from sales tax?

Yes, you are responsible for charging the correct sales tax during the tax holiday. The TIP includes lists of tax-exempt items that may be provided to your employees. The TIP and lists are also posted on our website: **www.myflorida.com/dor**

If you have a question about a specific item that is not listed, contact the Department at **800-352-3671** or visit our website: **www.myflorida.com/dor**

3. What should I do if I mistakenly collect tax on a tax-exempt item during a sales tax holiday?

You should refund the tax to your customer(s). If the tax cannot be refunded, you must report and send the tax to the Department.

4. Do I have the option of not participating in a sales tax holiday?

No. If you mistakenly charge tax during the holiday, you should refund the tax to the customer. If the tax cannot be refunded, you must report and send the tax to the Department.

5. My business is closed. Why am I still getting mail from the Department of Revenue?

If you received a TIP, your account was categorized as active and required-to-file tax returns when the Department created the TIP mailing list. To cancel your account, you must notify us in writing or visit our website to "Request a Change of Address and/or Account Status." When your account is cancelled, you will no longer receive publications/TIPs from the Department.

You may submit a request to cancel your account online at:
<https://taxapp2.state.fl.us/survey/txinquiry.cfm>

To cancel your account by mail, send your correspondence to:
Taxpayer Services - MS 3-2000
Florida Department of Revenue
5050 W Tennessee St
Tallahassee, Florida 32399-0112

6. Do I need to change my accounting system to show the temporary exemptions?

No. Your accounting system should adequately identify all tax-exempt items sold.

Refunds/Exchanges

- 7. A customer returns an item that was purchased before the holiday period and exchanges it for another item during the holiday period. The new item is tax exempt during the holiday period. 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.

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

If a customer buys a tax-exempt item during the tax holiday period and exchanges it for the same type of item (e.g., different size or different color) after the holiday period expires, no tax will be due.

If a customer buys a tax-exempt item during the tax holiday period and returns the item after the exemption period and gets a different type of item, sales tax will apply to the new purchase even if it is the same price. For example, if a shirt is returned after the back-to-school sales tax holiday and the customer buys a pair of pants, tax is due on the price of the pants.

Coupons, Discounts, and Rebates

- 9. Why does a store discount coupon reduce the sales price of an eligible item, but a manufacturer's coupon or rebate does not?**

The sales price of an item includes all consideration received by the retailer 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 retailer 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 back-to-school sales tax holiday, a jacket sells for \$105. The customer uses a \$10 manufacturer's coupon when purchasing the jacket. Although the customer pays \$95 for the jacket, the retailer's sales price remains at \$105 because the retailer will receive a total of \$105 for the item: \$95 from the customer and \$10 from the manufacturer. The jacket does not qualify for the exemption during the back-to-school sales tax holiday (the price of the item is more than \$100).

Manufacturer's rebate example: A customer buys a \$20 package of blank computer disks (CDs) during the back-to-school sales tax holiday. The manufacturer is offering a \$5 instant rebate that is redeemed when the computer disks are sold. Although the purchaser pays \$15, the retailer's sales price remains at \$20 because the retailer will receive a total of \$20 for the item: \$15 from the purchaser and \$5 from the manufacturer. The package of computer disks does not qualify for the exemption (the price of the item is more than \$15).

Store discount coupon example: During the back-to-school sales tax holiday, a customer buys a \$400 suit and a \$110 shirt. The retailer is offering a 10% discount. After applying the 10% discount, the final amount received by the seller is \$360 for the suit and \$99 for the shirt. The suit is taxable (the price is over \$100), and the shirt is exempt (the price is less than \$100).

Gift Cards

10. If a gift card is purchased during a sales tax holiday, can the customer use the gift card after the holiday period to make tax-exempt purchases?

No. The purchase of the eligible item must be made during the holiday period to be tax exempt. When eligible items are purchased during the holiday period using a gift card, the eligible items qualify for the exemption. It does not matter when the gift card was purchased.

Rain Checks

11. If a rain check is issued during the sales tax holiday, can it be used after the holiday to purchase the item tax exempt?

No. The purchase of the eligible item must be made during the holiday period 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 Sales

12. Are items placed on layaway eligible for the tax exemption during a 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. Eligible items placed on layaway during a holiday period are tax exempt, even if final payment of the layaway is made after the holiday period. If a customer makes a final payment and takes delivery of the item during the holiday period, the eligible items are tax exempt.

Mail-Order, Catalog, or Internet Sales

13. Do the exemptions during a sales tax holiday apply to mail-order, catalog, or Internet sales?

Yes. All mail-order, catalog, or Internet sales of eligible items during the holiday are tax exempt when the order is accepted during the holiday period for immediate shipment, even if delivery is made after the holiday period.

An order is accepted by the company 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.

14. What do I do about shipping charges for the items purchased by mail order, through a catalog or from the Internet?

When separately stated shipping charges are part of the sales price of the items listed on a sales invoice or receipt, the shipping charges must be proportionately allocated to each item sold to determine the total sales price of the item. The cost of each item is divided by the total cost of all the items ordered to obtain the percentage of cost that each item bears to the total order. Then multiply the total shipping charge by the percentage for each item to determine the amount of the shipping charge applicable to each item.

For example, a customer orders a \$100 dress and a \$25 shirt, for a total of \$125 during the back-to-school sales tax holiday period. The shipping charge is \$10.

Cost of shirt/total cost –	$\$25 / \$125 = 20\%$
Shipping charge for shirt –	$20\% \times \$10 = \2.00
Shipping charge for dress –	$\$10.00 - \$2.00 = \$8.00$

Total sales price for the shirt – \$27.00
Total sales price for the dress – \$108.00

The shirt qualifies for the exemption. The dress is more than \$100 and does not qualify for the exemption.

Records and Reporting

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

No. There are no additional record-keeping requirements.

Merchant's License or Other Fees (Two Cities in Bay County Only)

16. How do I handle the 1% merchant's license fee in Panama City or Panama City Beach during a 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. When the sales price of the item, plus the 1% merchant's license fee, makes the total sales price above the per-item price limitation to qualify for exemption during the holiday period, the item does not qualify for the exemption.

Example	
Price of handbag	\$100.00
1% merchant's license fee	+ \$1.00
Taxable value of handbag	\$101.00
The handbag is more than \$100 and does not qualify for the exemption.	