



Sales and Use Tax on the Rental, Lease, or License to Use Commercial Real Property

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R. 01/25

What is Taxable?

Rentals, leases, and licenses to use real property in Florida are subject to a 2% state sales tax under section 212.031, Florida Statutes (F.S.), plus any applicable discretionary sales surtax imposed by the county in which the real property is located, unless an exemption or exception from the tax applies.

Examples of commercial real property rentals subject to sales tax under s. 213.21, F.S., include rentals of:

- Commercial buildings
- Commercial office or retail space
- Convention and meeting rooms
- Self-storage units/mini-warehouses

Rentals, leases, and licenses to use real property between related “persons,” as defined in s. 212.02(12), F.S., are also taxable. Examples of related party rentals include the rental of commercial real property by a parent corporation to one of its subsidiaries, by a shareholder to a corporation, or by an individual property owner to a related single-member limited liability company (LLC).

State sales tax and discretionary sales surtax must be collected on the total rent or license fee the lessor/landlord charges for the real property. The total rent or license fee includes all considerations due and payable by the tenant for the privilege of use, occupancy, or the right to use or occupy real property. Rental consideration includes, but is not limited to, ad valorem taxes (whether paid to a lessor/landlord or county tax collector) and common-area maintenance charges paid to a lessor/landlord for the privilege of use, occupancy, or the right to use or occupy the real property.

What is Exempt?

Florida law (s. 212.031, F.S.) provides several tax exemptions for certain types or uses of real property. For example, the lease or rental of real property assessed by the county property appraiser as agricultural property is exempt. The lease or rental of real property to nonprofit organizations or governmental entities that hold a current *Florida Consumer’s Certificate of Exemption* (Form DR-14) is exempt.

Who Must Register to Collect Tax?

Any person who rents, leases, or grants a license to others to use commercial real property must register with the Department of Revenue (Department). Any agent who receives rental payments on behalf of the property owner or lessor of the property also must register with the Department. Each place of business is required to be separately registered by the owner, landlord, agent, or other person who collects and receives rental payments on behalf of the property owner or lessor.

You can register to collect, report, and pay sales tax and discretionary sales surtax online at floridarevenue.com/taxes/registration. The online system guides you through a series of questions to help determine your tax obligations. Or, if you prefer, you can complete a paper *Florida Business Tax Application* (Form DR-1). You must complete a separate application for each commercial real property location.

As a registered sales and use tax dealer, you will receive a *Certificate of Registration* (Form DR-11) and a *Florida Annual Resale Certificate for Sales Tax* (Form DR-13) by mail. Paper returns will be mailed to you unless you are filing electronically. The *Certificate of Registration* must be displayed in a clearly visible place at your business location. The *Florida Annual Resale Certificate for Sales Tax* is used to lease or rent commercial real property tax-exempt when the property will be subleased to others. Florida law provides for criminal and civil penalties for fraudulent use of a *Florida Annual Resale Certificate for Sales Tax*.

Subleases

If you sublease any portion of the commercial real property you rent, lease, or license to another person, you must collect sales tax and surtax on the rental payments received. You may take a credit on a prorated basis for the sales tax and surtax you paid to your landlord on the portion of the property you sublease.

Example: Using the 2% tax rate – You lease 200 square feet of floor space for \$400. The property is located within a county that does not impose a discretionary sales surtax.

Original Lease Amount	(Multiplied by) Sales Tax Rate	(Equals) Sales Tax Paid to Landlord
\$400.00	X 2.0%	= \$8.00

You sublease half of your space (100 square feet) to another person for \$300.

Sublease Amount	(Multiplied by) Sales Tax Rate	(Equals) Sales Tax You Collect
\$300.00	X 2.0%	= \$6.00

You must pay the sales tax you collected from your tenant. However, you may take a credit for the sales tax paid to your landlord on the portion of the property you subleased to your tenant. In the above example, you subleased one-half of the floor space originally leased from your landlord.

The sales tax paid to your landlord on the entire 200 square feet is \$8.00.

The amount of sales tax due on one-half of the floor space (100 square feet) is \$4.00.

You collected \$6.00 on one-half of the floor space from your sublease.

You may take a credit of \$4.00 against the \$6.00 in sales tax you collected on your sublease.

\$6.00 (tax collected from sublease)
– \$4.00 (credit for tax already paid to landlord)
\$2.00 (remit the difference to the Department)

If you sublease or assign your interest in the leased property, or retain an insignificant portion of the property, you may provide a copy of your *Florida Annual Resale Certificate for Sales Tax* to your landlord to lease or rent the property tax-exempt. You must collect sales tax and surtax on the subleased property and pay tax directly to the Department on any portion of the property you retain.

Tenant Liability

If you lease, rent, or license commercial real property and do not pay the applicable sales tax and surtax to your landlord, you are directly liable to the Department for any unpaid sales tax and surtax, plus interest and penalty due.

Filing and Paying Tax

Sales and use tax returns and payments are due on the 1st and late after the 20th day of the month following each reporting period. For example, if you make a sale in January and your returns and payments are due monthly, your return and payment for the January reporting period are due February 1 and late after February 2020. However, if your returns and payments are due quarterly, your return and payment for the reporting period January – March are due April 1 and late after April 20.

A return must be filed for each reporting period, even if no tax is due.

If you electronically pay or electronically file and pay at the same time, you must initiate your electronic payment and receive a confirmation number no later than 5 p.m. ET on the business day prior to the 20th day of the month to avoid penalty and interest. For a list of the electronic payment deadlines, visit the Department's [Forms and Publications webpage](#) and select the current year *Florida eServices Calendar of Electronic Payment Deadlines* (Form DR-659) under the eServices section.

If you electronically file a return without, or separately from, a payment, and the 20th falls on a Saturday, Sunday, or state or federal holiday, your return is timely if you receive a confirmation number for the applicable electronically filed return on or before the first business day following the 20th.

When you electronically file your sales and use tax return and electronically pay timely, you are allowed to deduct a collection allowance. The collection allowance is 2.5% (0.025) of the first \$1,200 of tax due, not to exceed \$30.

If you file paper returns and the 20th falls on a Saturday, Sunday, or state or federal holiday, your return and payment are considered timely if postmarked or delivered in person on the first business day following the 20th.

If you file your return late or pay tax late, a late penalty of 10% of the amount of tax owed, but not less than \$50, may be charged. The \$50 minimum penalty applies even if no tax is due. Penalty will also be charged if your return is incomplete. A floating rate of interest applies to underpayments and late payments of tax. Interest rates are available at floridarevenue.com/taxes/rates.

How to Report Tax

Report charges for rentals, leases, or licenses to use commercial real property on your *Sales and Use Tax Return* (Form DR-15). Below is an example:

Form DR-15, *Sales and Use Tax Return* (front of paper return):

Certificate Number:		Sales and Use Tax Return		HD/PM Date: / /	
Florida		1. Gross Sales	2. Exempt Sales	3. Taxable Amount	4. Tax Due
A. Sales/Services/Electricity		.	.	.	.
B. Taxable Purchases		Include use tax on internet / out-of-state untaxed purchases →		.	.
C. Commercial Rentals		.	.	.	.
D. Transient Rentals		.	.	.	.
E. Food & Beverage Vending		.	.	.	.
Surtax Rate:		Reporting Period		5. Total Amount of Tax Due	.
				6. Less Lawful Deductions	.
				7. Net Tax Due	.
				8. Less Est Tax Pd / DOR Cr Memo	.
				9. Plus Est Tax Due Current Month	.
				10. Amount Due	.
				11. Less Collection Allowance	E-file/E-pay Only
				12. Plus Penalty	.
				13. Plus Interest	.

If you file Form DR-15, *Sales and Use Tax Return*, on Line C, Commercial Rentals, report:

1. Gross Sales – total rental charges received (rental consideration);
2. Exempt Sales – tax-exempt rent, if any;
3. Taxable Amount – taxable rent; and
4. Tax Due – state sales tax due, plus any applicable surtax.

Commercial rental sales should not be reported on Line A, Sales/Services/Electricity or Line D, Transient Rentals.

Subleases: If you are reporting sales tax and surtax on commercial real property you subleased, report the sales tax and surtax you collected from your tenant on **Line C, Commercial Rentals**. Take a credit for the sales tax paid to your landlord on the portion of the property you subleased to your tenant on **Line 6, Less Lawful Deductions**.

Form DR-15, Sales and Use Tax Return (back of paper return):

Under penalties of perjury, I declare that I have read this return and the facts stated in it are true.

Signature of Taxpayer

Date

Signature of Preparer

Date

The surtax exemption for sales of items over \$5,000 does not apply to commercial rentals.

Telephone Number

Discretionary Sales Surtax - Lines 15(a) through 15(d)

15(a). Exempt Amount of Items Over \$5,000 (included in Column 3)	15(a).	_____
15(b). Other Taxable Amounts NOT Subject to Surtax (included in Column 3)	15(b).	_____
15(c). Amounts Subject to Surtax at a Rate Different Than Your County Surtax Rate (included in Column 3)	15(c).	_____
15(d). Total Amount of Discretionary Sales Surtax Due (included in Column 4)	15(d).	_____
16. Florida Tax Credit Scholarship Program Motor Vehicle Sales Tax Credits (included in Line 6)	16.	_____
17. Taxable Sales/Untaxed Purchases or Uses of Electricity (included in Line A)	17.	_____
18. Taxable Sales/Untaxed Purchases of Dyed Diesel Fuel (included in Line A)	18.	_____
19. Taxable Sales from Amusement Machines (included in Line A)	19.	_____
20. Rural or Urban High Crime Area Job Tax Credits	20.	_____
21. Other Authorized Credits	21.	_____

Report the discretionary sales surtax included in the amount of tax due reported in Column 4, Line C, in the surtax reported on Line 15(d), Total Amount of Discretionary Sales Surtax Due.

Updating Your Business Information

The quickest way to notify the Department of changes to your account, such as updates to your name, mailing address, business location, or to temporarily suspend or resume business operations, is online at floridarevenue.com/taxes/updateaccount.

If you close or sell your business, **you must file a final return and pay all taxes due within 15 days** after closing or selling the business. Your final return must cover the period from your most recent return filing to the closing date.

Learn More and Stay Informed

Visit the Department's Taxpayer Education webpage at floridarevenue.com/taxes/education for additional information. The Taxpayer Education page has sales and use tax tutorials on how to complete your tax return, calculate discretionary sales surtax, electronically file and remit your taxes, and pay estimated tax.

Reference Material

Law – Section 212.031, Florida Statutes, available at leg.state.fl.us

Brochures - Download these brochures from floridarevenue.com/forms:

- *Sales and Use Tax on Rental of Living or Sleeping Accommodations* (GT-800034)
- *Sales and Use Tax on Tangible Personal Property Rentals* (GT-800038)
- *Sales and Use Tax on Amusement Machines* (GT-800020)
- *Sales and Use Tax on Vending Machines* (GT-800041)

Contact Us

Tax forms and publications are available at floridarevenue.com/forms.

Information and tutorials are available at floridarevenue.com/taxes/education.

To speak with a Department of Revenue representative, call Taxpayer Services at (850) 488-6800, Monday through Friday, excluding holidays.

Subscribe to Receive Updates by Email from the Department.

Subscribe to receive an email for filing due date reminders, Tax Information Publications (TIPs), or proposed rules, including notices of rule development workshops and emergency rulemaking. Subscribe today at floridarevenue.com/dor/subscribe.