

Florida Commercial Lease Sales Tax Rate Further Reduced

Lowndes Leasing Lawyers Blog
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Effective January 1, 2020, the State of Florida's sales tax rate on commercial real property lease payments (including base rent and additional rent) will be reduced from 5.7% to 5.5% for payments received for occupancy periods beginning on or after January 1, 2020. This will be the third such reduction in the last three years.

The new sales tax rate will be applicable to all payments of rent attributable to the period beginning on or after January 1, 2020, even if such amounts are prepaid prior to that time. For example a Florida commercial tenant prepaying January 2020 rent in December 2019 will pay tax on such rent at the new reduced sales tax rate of 5.5%. Commercial landlords and management companies sending invoices for occupancy periods beginning on or after January 1, 2020 should update their records to account for the sales tax rate reduction.

Note that the sales tax reduction does not affect the local discretionary sales surtax imposed by many Florida counties. The combined sales tax and discretionary sales surtax rate for certain Florida counties for 2019 and 2020 are listed below:

County

2019

2020

Brevard County

6.7%

6.5%

Hillsborough County

8.2%

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8.0%

Lake County

6.7%

6.5%

Orange County

6.2%

6.0%

Osceola County

7.2%

7.0%

Pinellas County

6.7%

6.5%

Polk County

6.7%

6.5%

Seminole County

6.7%

6.5%

Volusia County

6.2%

6.0%

As a reminder, Florida sales tax on commercial rent only applies to amounts paid as rent by commercial tenants. Sales of tangible personal property and certain services provided by commercial landlords to their tenants are subject to Florida's 6.0% sale tax, which is not impacted by this rate reduction.