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Insights

Florida Repeals Sales Tax on Commercial Leases: 5 Things to Know Now

Article
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07.21.2025

Following our recent update on Florida's repeal of sales tax on commercial real estate leases, we're taking a closer look at what this change means for landlords, tenants, brokers, and property managers. Here are five key takeaways to help you prepare.

1. **Effective Date**
   The repeal does not go into effect immediately. Although House Bill 7031 was signed into law on June 30, 2025, Florida's sales tax on commercial real estate property rentals repeal is effective October 1, 2025. Landlords are required to collect sales tax and discretionary surtax for occupancy periods through September 30, 2025. No tax will be due on rent beginning on or after October 1, 2025. Payments for occupancy prior to October 1, 2025 will still be subject to sales tax, even if they are paid after October 1, 2025.
2. **Impact on Discretionary Sales Surtax**
   The law effectively repeals the local discretionary sales surtax on commercial real property rentals as well. The statutory repeal ends a county's ability to levy local discretionary sales surtax on commercial real property rental payments.
3. **Not Every Lease is Impacted by the Repeal**
   The repeal applies to commercial real property rentals, including lease payments on commercial office space, retail space, and warehouses. However, it does not apply to all leases. Sales tax will continue to apply to short-term residential rentals (leases of less than six months), parking facilities and garages, boat slips and docking facilities, aircraft hangar rentals, and leases of equipment or tangible personal property.
4. **Audits and Record Keeping Requirements**
   Despite the fact that the tax has been repealed effective October 1, 2025, the Florida Department of Revenue may audit and collect the tax for periods prior to the repeal. Landlords and tenants should maintain records for three years, which is generally the statute of limitations for an assessment. Purchasers of businesses should be aware of successor liability for periods before October 1, 2025.

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5. **Time Update Compliance Practices**
   Landlords and tenants should review their leases and update their accounting procedures accordingly. Landlords and tenants should discuss how the law change will impact lease payments in advance of the repeal to avoid triggering late notices and overpayments.