

FLORIDA SALES TAX ON COMMERCIAL REAL ESTATE RENT ENDS OCTOBER 1

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September 23, 2025

Florida is the only state in the union that imposes a sales tax on commercial real estate rent, but that is about to change. After the Florida Legislature reduced the state-level sales tax rate on commercial real estate leases just last summer, House Bill 7031 was recently signed into law and eliminates both the state-level sales tax and the local option tax on commercial real estate leases, effective October 1, 2025.

Commercial real estate rent paid for periods of occupancy **before** October 1, 2025, are subject to sales tax, regardless of when it was paid (e.g., if September 2025 rent is paid on or after October 1, 2025, sales tax must be collected and remitted). Conversely, rent paid for rental periods **after** October 1, 2025, are **not** subject to sales tax, regardless of when it is paid (e.g., if rent for October 2025 or later is paid on or before September 30, 2025, the landlord is not required to collect and remit sales tax). The landlord should continue to file sales tax returns through September 2025, even if there are no taxes to report.

If sales tax for rental periods on or after October 1, 2025, has already been collected and remitted to the Florida Department of Revenue, the landlord must first refund the sales tax to the tenant and then complete Form DR-26S, Application for Refund – Sales and Use Tax, to request reimbursement by the state.

The new law only eliminates Florida sales tax on **commercial real estate rent**. The new law did not change the Florida sales tax imposed on:

- Paid parking or storage arrangements for motor vehicles (e.g., in parking lots or garages)
- Transient rentals (generally, sleeping or living accommodations of six months or less)
- Docking or storage spaces for boats in boat docks or marinas
- Tie-down or storage space for aircraft at airports
- Rentals of furniture, equipment, or other tangible personal property

The Florida Department of Revenue recently published Tax Information Publication No. 25A01-04 that provides more information regarding the repeal of the sales tax on commercial rentals.¹

BMWL Can Help

As always, if you would like assistance addressing the information described in this Alert, we would be glad to help! Please email our team at Info@NonprofitCPA.com.

¹Source: https://floridarevenue.com/taxes/tips/Documents/TIP_25A01-04.pdf