

## Discretionary Sales Surtax Limitation

Discretionary sales surtax applies to the first \$5,000 on the sales, use, lease, or rental of any item of tangible personal property when the property is sold:

- as a single item,
- in bulk, or
- as a working unit or part of a working unit.

Tangible personal property includes personal property which may be seen, weighed, measured, or touched or is perceptible to the senses, including electricity power or energy.

When a written purchase order requires a specific quantity of tangible personal property to be delivered within a specified time, the purchase may qualify for the \$5,000 limit. The tangible personal property purchased must be items that are normally sold in bulk or items that comprise a working unit when assembled. The purchase order may allow items to be delivered and invoiced in installments and still qualify as a single sale.

Example		
\$7,000 dining room set delivered to a county imposing a .5% discretionary sales surtax.		
State Sales Tax @ 6%	$\$7,000 \times 6\% =$	\$420
County Surtax @ .5%	$\$5,000 \times .5\% =$	\$ 25
Total Tax Due =		\$445

The \$5,000 limit does not apply to the following and surtax is due on the entire sales price for sales or charges for:

- Admissions
- Taxable services
- Service warranties
- Prepaid calling arrangements

- Rentals, leases, and licenses to use real property (commercial rental property) or living or sleeping or housekeeping accommodations (transient rentals)
- Parking lots or garages for motor vehicles
- Docking or storage in boat docks and marinas
- Tie-down or storage space for aircraft

## **Discretionary Sales Surtax Exemptions**

The Florida Tax Handbook is an excellent source for comprehensive information about exclusions, exemptions, deductions and credits from sales and use tax. Visit [edr.state.fl.us](http://edr.state.fl.us) and search for “Tax Handbook.”

Examples of items that are specifically exempt from sales and use tax include medicines and most groceries. Food items are generally exempt from sales tax when sold in grocery stores to be taken home and prepared. Some examples of exempt grocery items are milk, butter, cereal, frozen goods, and canned goods. Examples of taxable items include soap, paper goods, cleaning products, and candy. For a list of some common nontaxable medical and grocery items, visit [floridarevenue.com/forms](http://floridarevenue.com/forms) and select Nontaxable Medical and General Grocery List (Form DR-46NT) under the Sales and Use Tax section.