



TIP

Tax Information Publication

TIP #22A01-09
Date Issued: 05/06/22

2022 Sales Tax Holiday for Tools Commonly Used by Skilled Trade Workers – September 3, 2022 Through September 9, 2022

Florida's 2022 'Tool Time' Sales Tax Holiday begins on Saturday, September 3, 2022, and ends on Friday, September 9, 2022. During this sales tax holiday period, tax is not due on the retail sale of eligible items related to tools commonly used by skilled trade workers.

The sales tax holiday does **not** apply to:

- Rentals of any eligible items
- Sales within a theme park, entertainment complex, public lodging establishment or airport

Reference: Section 46, Chapter 2022-97, Laws of Florida

Eligible Items

Selling for \$25 or less per pair: Work gloves

Selling for \$50 or less per item:

- Duffle bags • Hand tools • LED flashlights
- Protective coveralls • Tote bags

Selling for \$50 or less per pair (or the equivalent if sold in sets of more than one pair): Safety glasses

Selling for \$75 or less per item: Toolboxes

Selling for \$100 or less per item:

- Electrical voltage and testing equipment
- Shop lights • Tool belts

Selling for \$125 or less per item:

- Industry code books • Industry textbooks

Selling for \$150 or less per item:

- Drain opening tools • Handheld pipe cutters
- Plumbing inspection equipment
- Power tool batteries

Selling for \$175 or less per pair: Work boots

Selling for \$300 or less per item:

- Power tools • Toolboxes for vehicles

Reporting Sales

Florida dealers should report the sales of eligible items sold during the sales tax holiday period as exempt sales on their sales tax returns.

Items Normally Sold as a Unit

Items normally sold as a unit must continue to be sold in that manner; these items cannot be separately priced and sold as individual items in order to qualify for the sales tax exemption.

Example 1: A multi-pack of hand tools sells for \$50. The package contains pliers and screwdrivers. The tool package qualifies for the tax exemption since the sales price of the package containing eligible items is \$50.

Example 2: A tool belt and two hand tools sell for \$125. The tool belt and hand tools cannot be sold as three separate items to qualify for the exemption.

Sets Having Exempt and Taxable Items

When tax-exempt items are normally sold together with taxable merchandise as a set or single unit, the sales price of the set or unit is subject to sales tax.

Example: A pair of safety glasses is sold in a package with earmuffs for \$55. Although the safety glasses would qualify for the exemption if sold separately during the sales tax holiday period, the earmuffs do not qualify. The full sales price of \$55 is taxable.

Buy One, Get One Free or for a Reduced Price

The total price of items advertised as “buy one, get one free” or “buy one, get one for a reduced price” cannot be averaged for both items to qualify for the exemption.

Gift Cards

The sale of a gift card is not taxable. A gift card does not reduce the sales price of an item. Eligible items purchased during the sales tax holiday period using a gift card qualify for the exemption, regardless of when the gift card was purchased. Eligible items purchased after the sales tax holiday period using a gift card are taxable, even if the gift card was purchased during the sales tax holiday period.

Remote Sales

Eligible items purchased through a marketplace provider or from a remote seller are exempt from Florida sales tax when the order is accepted by the marketplace provider or remote seller during the sales tax holiday period for immediate shipment, even if delivery is made after the sales tax holiday period.

Coupons, Discounts and Rebates

The sales price of an item includes all consideration received by the retailer for that item. It is not limited to the amount paid by a customer. A coupon, discount or rebate offered by the retail seller reduces the sales price of an item because it reduces the total amount received by the retail seller for such an item. Because a retailer’s coupon, discount or rebate reduces the sales price of an item, such discounts may be used to determine whether an item qualifies for the exemption.

However, a retailer is reimbursed for the amount of any discount created by a manufacturer’s coupon, discount or rebate, and the amount of the reimbursement is included in the total sales price of the item. Because the sales price is not actually reduced by a manufacturer’s coupon, discount or rebate, such discounts cannot be used to determine if an item qualifies for the exemption.

Example 1: A customer purchases an \$80 toolbox. The retailer offers a 10% discount. After applying the 10% discount, the final amount received by the retailer for the toolbox (the sales price) is \$72. The toolbox is exempt (it is less than \$75).

Example 2: A customer purchases a \$55 multi-pack LED flashlight package. The manufacturer offers a \$5 instant rebate redeemed when the flashlights are

sold. Although the purchaser pays \$50, the retailer’s sales price remains at \$55 because the retailer will receive a total of \$55 for the item: \$50 from the purchaser and \$5 from the manufacturer. The flashlight package does not qualify for the exemption (it is more than \$50).

Example 3: Shop lights sell for \$110. The store offers an instant rebate of \$10 for the purchase of the shop lights. The customer redeems the \$10 store rebate and pays the retailer \$100 for the shop lights. The retailer’s sales price is reduced to \$100, and the shop lights qualify for the exemption.

Returns

When a customer returns an eligible item purchased during the sales tax holiday period and requests a refund or credit of tax:

- The customer must produce a receipt or invoice showing tax was charged and paid on the original purchase of the item; or
- The retailer must have sufficient documentation to show tax was paid on the original purchase of the item.

Exchanging a Purchase After the Sales Tax Holiday Period

When a customer purchases an eligible item during the sales tax holiday period, then later exchanges the item for the same item (e.g., different size or color), no tax will be due, even if the exchange is made after the sales tax holiday period.

When a customer purchases an eligible item during the sales tax holiday period, then later returns the item and receives credit toward the purchase of an item that did not qualify for the exemption, the new item purchased is subject to sales tax.

Rain Checks

Eligible items purchased during the sales tax holiday period using a rain check qualify for the exemption regardless of when the rain check was issued. However, issuance of a rain check during the sales tax holiday period will not allow for an eligible item to be exempt if the item is purchased after the sales tax holiday period.

Layaway Sales

A layaway sale is a transaction in which merchandise is set aside for future delivery to a customer who makes a deposit, agrees to pay the balance of the purchase price over a period of time, and receives the merchandise at the end of the payment period.

Eligible items sold as layaway sales qualify for the exemption when the customer:

- Accepts delivery of the merchandise during the sales tax holiday period; or
- Puts an eligible item on layaway, even if final payment is made after the sales tax holiday period.

Service Warranties

The taxation of any charges for a service warranty contract depends on the taxability of the product being sold. If the retail sale of an item is exempt from tax, the charge for a service warranty sold with the item is exempt.

Shipping and Handling

When separately stated shipping charges are part of the sales price and both taxable and exempt items are listed on a sales invoice or receipt, the shipping charges must be proportionately allocated to the charge for each item to determine the total sales price of the item. The charge for each item is divided by the total charge of all the items ordered to obtain the percentage of charge that each item bears to

the total order. The amount of the shipping charge applicable to each item is calculated by multiplying the total shipping charge by the percentage of cost for each item. If the item sold is exempt, the associated shipping charge is also exempt.

Panama City and Panama City Beach Dealers

Only: Panama City and Panama City Beach impose a 1% merchant's license fee or tax on retailers. The merchant's license fee is included in the sales price of each item. When the fee is separately stated, and both taxable and exempt items are listed on a sales invoice or receipt, the merchant's license fee must be allocated to the charge for each item on the invoice. If the item is exempt, the associated merchant's license fee is exempt.

Example – Panama City and Panama City

Beach ONLY: Work gloves sell for \$24.95. The 1% merchant's license fee is \$0.25. The total sales price of the work gloves is \$25.20 (\$24.95 + \$0.25). The work gloves do not qualify for the sales tax exemption.

For More Information

This document is intended to alert you to the requirements contained in Florida laws and administrative rules. It does not by its own effect create rights or require compliance.

For forms and other information, visit the Department's website at floridarevenue.com or call Taxpayer Services at 850-488-6800, Monday through Friday (excluding holidays).

For a detailed written response to your questions, write the Florida Department of Revenue, Taxpayer Services MS 3-2000, 5050 West Tennessee Street, Tallahassee, FL 32399-0112.

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