



# TIP

## Tax Information Publication

TIP #17A01-05  
Date Issued: 05/25/17

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### 2017 Disaster Preparedness Sales Tax Holiday June 2 through June 4, 2017

The 2017 Disaster Preparedness Sales Tax Holiday begins at 12:01 a.m. on Friday, June 2, 2017, and ends at 11:59 p.m. on Sunday, June 4, 2017. During this holiday period, qualifying items related to disaster preparedness are exempt from sales tax. However, the sales tax holiday does **not** apply to the rental or repair of any of the qualifying items. Additionally, the sales tax holiday does not apply to sales in a theme park, entertainment complex, public lodging establishment, or airport.

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### Qualifying Items

#### **Selling for \$10 or less:**

- Reusable ice (reusable ice packs)

#### **Selling for \$20 or less:**

- Any portable self-powered light source (powered by battery, solar, hand-crank, or gas):
  - o Flashlights
  - o Lanterns
  - o Candles

#### **Selling for \$25 or less:**

- Any gas or diesel fuel container, including LP gas and kerosene containers

#### **Selling for \$30 or less:**

- Batteries, including rechargeable batteries, **listed sizes only (excluding** automobile and boat batteries):
  - o AA-cell
  - o C-cell
  - o D-cell
  - o 6-volt
  - o 9-volt
- Coolers and ice chests (food-storage; nonelectrical)

#### **Selling for \$50 or less:**

- Tarpaulins (tarps)
- Visqueen, plastic sheeting, plastic drop cloths, and other flexible waterproof sheeting
- Ground anchor systems
- Tie-down kits
- Bungee cords
- Ratchet straps
- Radios (powered by battery, solar, or hand-crank)
  - o Two-way
  - o Weather band

#### **Selling for \$750 or less:**

- Portable generators used to provide light or communications, or to preserve food in the event of a power outage.

#### **First-aid kits (always exempt)**

**Note:** Eligible light sources and radios qualify for the exemption even though they may have electrical cords.

### **Articles Normally Sold as a Unit**

Articles that are normally sold as a unit must continue to be sold in that manner; they cannot be separately priced and sold as individual items to get the sales tax exemption.

**Example 1:** A multi-battery package sells for \$25. The package contains an assortment of AA, C, and D cell batteries. The battery package will qualify for the tax exemption since the sales price of the package containing qualifying items is less than \$30.

**Example 2:** A ground tie-down kit with four tie-downs and related accessories sells for \$100. The kit cannot be sold as four different packages 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 price of the set or unit is subject to sales tax.

**Example:** Four AA rechargeable batteries are sold in a package that includes a battery charger for \$25. Although the batteries would qualify for the exemption if sold separately during the holiday period, the battery charger does not qualify. The full sales price of \$25 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 selling price of an item. Eligible items purchased during the holiday period using a gift card will qualify for the exemption, regardless of when the gift card was purchased. Eligible items purchased after the holiday period using a gift card are taxable, even if the gift card was purchased during the holiday period.

### **Exchanging a Purchase After the Holiday Expires**

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

When a customer buys a tax-exempt item during the holiday period, then later returns the item and receives credit on the purchase of a different item, the new item purchased is subject to sales tax.

### **Returns**

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

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

### **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 item. Because a retailer's coupon, discount, or rebate actually 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:** A customer buys an \$800 generator. The retailer is offering a 10% discount. After applying the 10% discount, the final amount received by the seller for the generator (the sales price) is \$720. The generator is now exempt (it is less than \$750).

**Example:** A customer buys a \$35 package of AA-cell batteries. The manufacturer is offering a \$5 instant rebate that is redeemed when the batteries are sold. Although the purchaser pays \$30, the retailer's sales price remains at \$35 because the retailer will receive a total of \$35 for the item: \$30 from the purchaser and \$5 from the manufacturer. The battery package does not qualify for the exemption (it is more than \$30).

**Example:** A gas container sells for \$30. The store is offering an instant rebate of \$5 for the purchase of the gas container. The customer redeems the \$5 store rebate and pays the retailer \$25 for the gas container. The retailer's sales price is reduced to \$25 and the gas container qualifies for the exemption.

### **Rain Checks**

Tax-exempt items purchased during the holiday period using a rain check will qualify for the exemption regardless of when the rain check was issued. However, issuance of a rain check during the holiday period will not qualify an eligible item for the exemption if the item is purchased after the holiday period.

### **Layaway Sales**

A layaway sale is a transaction where 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:

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

### **Mail-Order Sales**

Eligible items purchased by mail order, catalog, or through the Internet are exempt when the order is accepted by the mail-order company during the holiday period for immediate shipment, even if delivery is made after the holiday period.

### **Shipping and Handling**

Shipping and handling charges are typically part of the sales price of an item, even if they are separately stated. If multiple items are shipped on a single invoice, the shipping and handling charge must be fairly assigned to each item on the invoice to determine if an item is exempt during the holiday.

If the customer has the option of having the item shipped and the shipping charges are separately stated, then the shipping charges are not included in the sales price.

### **Service Warranties**

The taxation of any charges for a service warranty contract will depend 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.

### **Recordkeeping**

Sales of eligible items sold during the holiday period should be reported as exempt sales on your sales tax return.

### **For Bay County Dealers Only**

Panama City and Panama City Beach impose on retailers a 1% merchant's license fee or tax. The merchant's license fee is included in the sales price of each item. If the fee is separately stated, it must be assigned to the sales price of each item on the invoice to determine if an item is exempt during the holiday.

#### **EXAMPLE**

Price of ice chest	\$29.95
1% merchant's license fee	+ \$ 0.30
Taxable value of ice chest	\$30.25

The ice chest does not qualify for the exemption.

## **FOR MORE INFORMATION**

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

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