



Florida Eliminates Sales Tax on Commercial Leases Effective October 1, 2025: What Landlords and Tenants Need to Know

On June 30, 2025, Governor Ron DeSantis signed into law House Bill 7031, eliminating Florida's longstanding sales tax on commercial lease payments. This repeal, which will into effect on October 1, 2025, marks a shift in Florida's tax policy and should provide more beneficial economics to brick-and-mortar businesses across the state.

Commercial Rent Tax in Florida

Florida has long been an outlier in taxing commercial leases, imposing a sales tax on rent for commercial properties since 1969. For decades, the applicable sales tax rate remained steady at 6%, until the Legislature initiated a series of reductions in 2018 that resulted in the rate dropping to 2% in 2024. House Bill 7031 repeals Section 212.031, Florida Statutes, effectively eliminating both the state-level 2% tax and any local discretionary surtaxes on commercial rent.

Key Effective Date: October 1, 2025

The repeal applies to periods of occupancy beginning on or after October 1, 2025. Importantly, sales tax is based on the occupancy period, not the payment date. Therefore:

- Rent attributable to October 2025 or later is tax-exempt, even if prepaid before October.
- Rent for periods before October 1, 2025, remains taxable, even if paid late (e.g., in October or thereafter).

Example:

If a tenant pays September rent on October 5, that payment is still subject to sales tax, because it applies to a pre-repeal occupancy period.

Landlord and Tenant Action Items

1. Landlords and property managers should remove sales tax from invoices for periods of occupancy on or after October 1, 2025.
2. Sales tax must still be collected on rent for periods prior to that date. Audits by the Florida Department of Revenue (DOR) remain possible.

3. Buyers of commercial property should continue to request DOR compliance certificates from sellers to avoid successor liability for unpaid sales tax from prior years.

What's Still Taxable?

Despite the repeal of Section 212.031, other categories of “commercial property” remain taxable under different provisions:

- Short-term residential rentals (under six months)
- Transient accommodations (*e.g.*, vacation rentals, Airbnbs)
- Parking garages and boat slips
- Aircraft hangars
- Self-storage units
- Equipment rentals

These remain subject to sales tax under Sections 212.03 and 212.05, Florida Statutes.

Anticipated Guidance from the Florida Department of Revenue

The Florida Department of Revenue is expected to issue additional rules and guidance ahead of the October 2025 effective date. These may further clarify:

- The distinction between taxable and exempt rental categories
- Requirements for lease amendments or addenda
- Continued filing protocols post-repeal

Businesses should begin reviewing their lease agreements now, particularly if they include bundled utilities or other services, common area maintenance (CAM), or personal property rentals that may still be taxable.

The lawyers at Englander Fischer are prepared to help you review your lease agreements to determine if you are in compliance with this new legislation. For more information, we encourage you to contact Englander Fischer partners Jon Mayhugh at jmayhugh@eflegal.com or James Soble at jsoble@eflegal.com.