

# HB 7031 – Florida Eliminates State Sales Tax on Commercial Rent

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HB 7031 was adopted by the Florida legislature and signed into law by Governor DeSantis on June 30, 2025. Among other modifications to Florida tax law, the Bill repeals Section 212.031, Florida Statutes, which provided for the payment of 2% Florida sales tax on rental payments and license fees for commercial real property, such as office, warehouse, storage, and retail space. As a result, beginning on October 1, 2025, Florida sales tax will no longer be owed on commercial rent payments.

This decision is consistent with changes over the last several years to reduce sales tax on commercial rent and license fee payments, most recently from 4.5% to 2% in June 2024. When the elimination of Florida state sales tax on commercial rent goes into effect on October 1, the discretionary surtax on commercial sales tax assessed by many counties in Florida will also be eliminated.

Landlords (or their property managers) should alert tenants to this change and remove Florida sales tax from rental and license fee invoices for commercial property tenants for all rent applicable to periods of occupancy from and after October 1, 2025.

Landlords should, however, exercise caution to ensure tenants continue to pay sales tax on rent due for periods prior to October 1. By way of example, if a tenant pays rent late (for instance, pays September's rent in October) or if rent is reassessed, or recalculated, for a period of occupancy prior to October 1, sales tax remains due on those rental payments. Relatedly, the Florida Department of Revenue's right to audit payment of sales tax on commercial rent remains in effect, so ongoing compliance is important and landlords should continue to file "zero return" sales tax returns after October 1.

Further, certain rental payments remain taxable under other provisions of the Florida Statutes, namely F.S. 212.03, for certain shorter term residential rentals (six months or less), hotels, parking spaces, boat slips, and aircraft hangers, for example, and F.S. 212.05 for rental of tangible personal property.

Florida is the only state that assesses sales tax on commercial rent payments, and this move by the state legislature is consistent with its intent to make Florida increasingly business-friendly. Many of the other changes implemented in HB 7031 are along this same vein: HB 7031 eliminates state taxes on aviation fuel, creates an annual back-to-school tax holiday for certain purchases, and makes a long list of hurricane-preparedness and other safety items tax-free. Supporters of the Bill state that it will help local businesses stay competitive, and save money for families by keeping Florida affordable.



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