August 6, 2025

Florida To End Sales Tax on Commercial Leases

Effective October 1, 2025, Florida will permanently repeal the state sales tax and any local surtaxes on commercial lease payments, marking a major shift in tax policy.

Enacted through House Bill 7031 (2025), this change eliminates the longstanding tax imposed under § 212.031, Florida Statutes.

The repeal applies to leases of commercial real property—including office, retail, industrial, and warehouse space—but does not affect residential leases (which are already exempt) or short-term/transient rentals such as Airbnb stays under six months, which remain taxable.

Importantly, landlords must prorate any rent payments that span the October 1 transition, as only amounts attributable to occupancy before that date remain taxable.

There is no automatic refund process for tax paid on exempt periods—landlords must affirmatively apply through the Florida Department of Revenue.

The law is clear: "Effective October 1, 2025, section 212.031, Florida Statutes, is repealed."

You can view the official text here: HB 7031, Section 37 (Page 75).

This long-anticipated repeal is driven by Florida's desire to enhance economic competitiveness and align with the 49 other states that do not tax commercial rent, ultimately reducing the cost of doing business and attracting commercial investment.

Landlords and tenants should begin preparing now by reviewing lease agreements, updating billing systems, and ensuring all stakeholders are informed of the upcoming change.

If you have questions or need assistance reviewing your lease portfolio, our team is ready to help.

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