

## **Florida Tax**

Businesses in Florida may be subject to the following taxes and fees. For Additional information on requirements for businesses and the taxes and fees administered by the Florida Department of Revenue visit their website at [www.myflorida.com/dor](http://www.myflorida.com/dor).

### Sales and Use Tax

Sales tax applies to the sale, rental, lease, or license to use goods, certain services, and commercial property in Florida, unless the transaction is exempt. Florida Sales Tax is six (6) percent. Osceola County has a Discretionary Sales Surtax of one (1) percent on the first \$5,000 of a single sale. Manufacturing equipment is exempt from Florida Sales tax.

### Reemployment Tax

Reemployment (formerly unemployment) compensation provides partial, temporary income to workers who lose their jobs through no fault of their own, and are able and available to work. The employer pays for reemployment compensation through a tax administered by the Department of Revenue. Workers do not pay any part of the reemployment tax and employers must not make payroll deduction for it.

The tax rate for new employees is 2.7 percent and is paid on the first \$8,000 in wages paid to each employee per year. Visit <http://dor.myflorida.com/dor/forms/current/rt800002.pdf> for more information.

The method of determining varying tax rates assigned to taxpaying employers is referred to as “experience rating.” Under the reemployment assistance program law, an employer’s experience rate is based on the employer’s own employment records in relation to the employment records of all other employers. The tax rate may vary from the maximum of 5.4 percent to the minimum rate which varies every year based on the adjustment factors.

### Corporate Tax Base and Rate

Florida corporate income tax rate is 5.5% is computed using federal taxable income, modified by certain Florida adjustments. For detailed information go to <http://dor.myflorida.com/dor/taxes/corporate.html>.

### Personal Income Tax

Florida does not impose personal income, inheritance, gift taxes or intangible personal property taxes. For additional information go to [http://dor.myflorida.com/dor/info\\_individuals.html](http://dor.myflorida.com/dor/info_individuals.html).

## **Tax Advantages for Florida Businesses**

### Related to Jobs

#### *Enterprise Zone Jobs Credit*

A business located in an enterprise zone may take a credit when it hires employees who:

- Live in an enterprise zone; or
- Participate in a welfare transition program.

To qualify for the credit, the business must:

- Show an increase in the total number of full-time jobs over 12 months.
- Have employed the eligible employees for at least 3 months.
- Have leased the eligible leased employees for more than 6 months.

The credit is 20% of the actual monthly wages paid in this state to each new employee hired into a newly-created job. The percentage of the actual monthly wages paid could be greater than 20%, depending on certain circumstances. The credit may be carried forward for five years.

#### *Urban High-Crime Area Job Tax Credit*

- Provides an incentive for eligible businesses, located within designated urban areas, to create new jobs.
- The credit can range from \$500 to \$2,000 per qualified employee.
- The credit may be carried forward for five years.

#### *Enterprise Zone Property Tax Credit*

- The credit is available to a corporation that does one of the following in an enterprise zone:
  - Creates a new business with five or more new jobs.
  - Expands an existing business and creates five or more new jobs.
  - Rebuilds an existing business that suffered damage in an emergency.
- The credit is computed on 96% of ad valorem taxes levied for operating purposes, not including debt service.
- The credit may be carried forward for five years.

#### Related to Investment in Florida

##### *Entertainment Industry Tax Credit*

- Credit must be approved by the Department of Economic Opportunity and the credit may be carried forward for five years.

##### *Capital Investment Tax Credit*

- The credit is available to businesses in a designated high-impact sector (e.g., silicon technology, transportation industries, or solar panel manufacturing facilities).
- The business must establish a qualified project which results in a cumulative capital investment of at least \$25 million.
- The project must be certified by the Department of Economic Opportunity (DEO) and an annual credit may be claimed for up to 20 years in an amount equal to 5% of the eligible capital costs generated by a qualifying project.

##### *Credit for Contributions to Nonprofit Scholarship Funding Organizations*

- The allowed credit is 100% of the eligible contributions made during the taxable year.
- The credit may be carried forward for five years.

##### *Community Contribution Tax Credit*

- Allows a credit of 50% of a qualified community contribution (cash, property, or goods) to an eligible sponsor for a project as defined in s. 220.03(1)(t), F.S.
- The annual amount granted is up to \$200,000 per business.
- The credit may be carried forward for five years.

##### *State Housing Tax Credit*

- Provides a credit to private corporations that build low-income housing projects in urban areas.

- A credit of up to 9% is allowed of the eligible basis of any designated project for each year of the credit period for a taxable year.

Additional information may be found at [www.dor.myflorida.com/dor/taxes/pdf/taxadv\\_cit.pdf](http://www.dor.myflorida.com/dor/taxes/pdf/taxadv_cit.pdf).

### Historical Tax Rate History

#### Florida State Sales and Use Tax History

3%	11-1-49 to 3-31-68
4%	4-1-68 to 4-30-82
5%	5-1-82 to 1-31-88
6%	2-1-88 to present

#### Florida State Farm Equipment

2.0%	1963 to 1968
3.0%	1968 to 2001
2.5%	2001 to 6-30-05
0.0%	7-1-05 to present

#### Osceola County Local Option Tourist Development

2%	12-1-77 to 6-30-86
3%	7-1-86 to 9-30-1990
4%	10-1-1990 to 8-31-1997
5%	9-1-97 to 6-30-2004
6%	7-1-2004 to present

#### Osceola County Local Government Infra

1.0%	9-1-1990 to present
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#### Amount Due for Taxable Transactions

13.0%	Living and Sleeping Accommodations
7.0%	All Other Taxable Transactions

Local Administration – Began May 1, 1992

Source: Florida Department of Revenue, March 2014

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### Federal Taxes

*For information on other changes, go to IRS.gov.*

- Tax rates: the social security portion of the self-employment tax is 12.4%. The Medicare portion remains at 1.45% (each employee and employer).
- Maximum net earnings: The maximum net self-employment earnings subject to the social security part of the self-employment tax is \$113,700. There is no maximum limit on earnings subject to the Medicare part.
- Simplified method for business use of home deduction. The IRS now provides a simplified method to determine your expenses for business use of your home. For more information, see *Business Use of Your Home* in chapter 8.
- Standard mileage rate. For 2014, the standard mileage rate for the cost of operating your car, van, pickup, or panel truck for each mile of business use is 56 cents per mile.
- Self-employment tax. The maximum net self-employment earnings subject to the social security part of the self-employment tax is \$117,000.

### Federal Unemployment (FUTA) Tax

- The FUTA tax is 6.0% of your employee's FUTA wages. A credit of up to 5.4% against the FUTA tax may be used -- resulting in a net tax rate of 0.6%.

## INCENTIVES

### Incentives

Osceola County has numerous incentives packages that will assist in the relocation or expansion of the business.

### Local Incentives

- Enterprise Zone – Jobs Tax Credit
  - Sales & Use Tax – up to 20% of permanent, full time wages
  - Corporate Income Tax – up to 20% of permanent, full time wages
  - Sales Tax Refund - up to \$10,000 for business machinery and equipment used in an enterprise zone
  - Sales Tax Refund - up to \$10,000 for building materials used in an enterprise zone
  - Sales Tax Exemption for Electrical Energy – up to a 50% for qualified businesses located in an enterprise Zone
  - Property Tax Credit Corporate Income Tax – up to 96% (\$25,000/per 5 year period)
  - Property Tax Abatement - up to 100% of all Improvements to real property and all tangible personal property of a NEW Business or up to 100% of all added Improvements to real property and the net increase in all tangible personal property acquired made to facilitate the expansion of business. The Exemption may be for a period up to one year from the date the Board grants the Exemption.
- Community Contribution
  - Tax Credit Program Corporate Income Tax or Sales Tax Refund – up to 50% (limit 200,000 per firm) on Florida income, tax, insurance premium tax or sales tax refund for donations to local community development projects.

### State Incentives

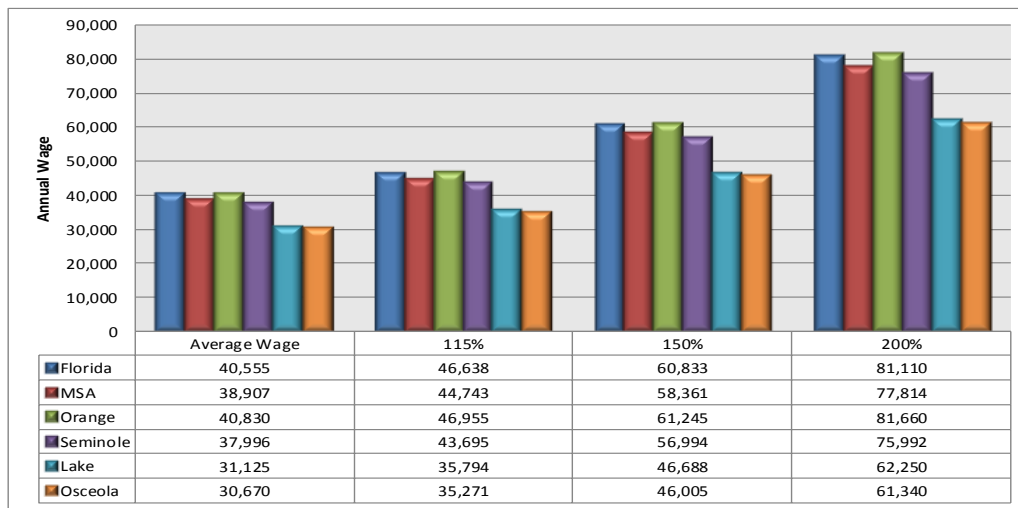
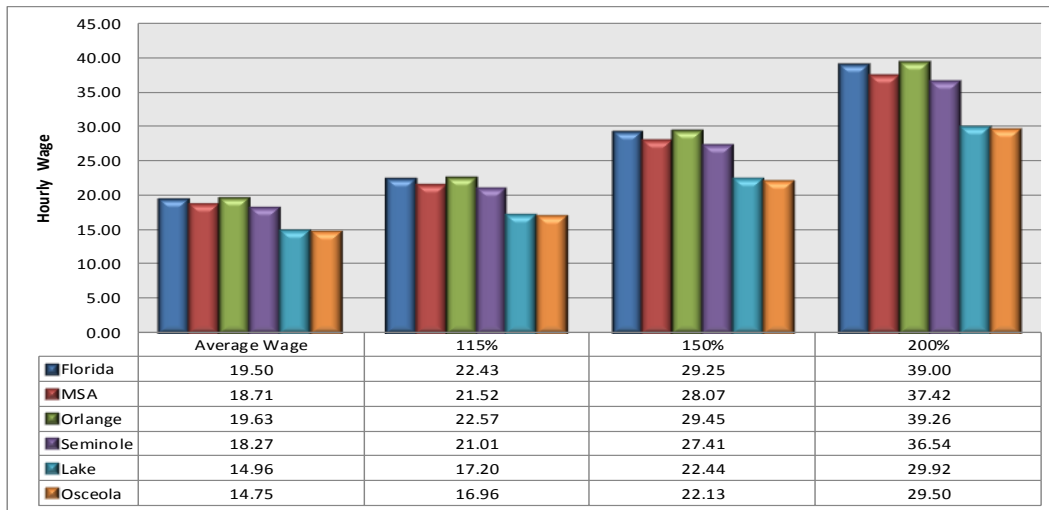
- *Elimination of manufacturing and equipment sales tax on Florida's manufacturing companies.*
- Quick Response Training Program provides grant money to be used for training.
- Incumbent Worker Training Program – provides training money for currently employed workers.
- Economic Development Transportation Fund grant program – provides up to \$2,000,000 to local governments for transportation infrastructure.
- Expedited Permitting Assistance – assists the company in obtaining state and local permits

### State of Florida

#### **Tax Refunds**

#### **Qualified Target Industry Tax Refund (§288.106, F.S.)**

- *Objective: Attract new high quality, high wage jobs for Floridians in target industries*
- *Most often used; more than 70 percent of incentives are QTI*
- *\$3,000 tax refund per new job created and jobs must be more than 115% of the county's average annual wage*
- *Job creation is verified before tax refund is given to company*



**Qualified Defense and Space Contractor Tax Refund (§288.1045, F.S.)**

- Objective: Spur job creation in Florida’s defense and space industries
- Serves to attract new high quality, high wage jobs for Floridians in the defense and space industries
- Tax refunds are made to qualifying, pre-approved businesses bidding on new competitive contracts, or consolidating existing defense or space contracts
- Comprises less than two percent of all economic development incentives approved since 1995

**Brownfield Redevelopment Bonus Refunds (§288.107, F.S.)**

- Objective: Spur job creation and capital investment in designated Brownfield Areas in Florida
- Brownfield areas are designated by local governments due to actual or perceived environmental contamination or blight
- The Brownfield Redevelopment Bonus is available to any eligible company, including those that do not fall under one of the targeted industries
- Approved applicants receive tax refunds up to \$2,500 for each job created
- Comprises less than three percent of all economic development incentives approved since 1995

## **Tax Exemptions**

### **Semi-Conductor, Defense and Space Technology Tax Exemption (§212.08, F.S.)**

- *Objective: Support technology-based companies as they continue to invest in critical advanced technology machinery and equipment, and support the retention and growth of these high-value, high-wage industries*
- *Businesses involved in semiconductor, defense and space technology production are eligible to apply for a sales tax exemption permit, valid for two years, on the purchase of machinery and equipment.*
- *The majority of companies using this tax exemption bid on government defense and space contracts and must keep their overhead costs low in order to stay competitive and win these lucrative contracts. This incentive helps companies achieve this goal.*

## **TAX CREDITS**

### **Capital Investment Tax Credit (§220.191, F.S.)**

- *Objective: Spur capital investment in Florida's High Impact Sectors (as defined by Florida Statutes)*
- *Used to attract and grow capital-intensive industries in Florida: clean energy, biomedical technology, financial services, information technology, silicon technology, transportation equipment manufacturing, or a corporate headquarters facility*
- *Annual credit, provided for up to 20 years, against the corporate income tax*

## **CASH GRANTS**

### **High Impact Performance Incentive (§288.108, F.S.)**

- *Objective: Spur capital investment and job creation in Florida's high impact sectors*
- *Reserved for major facilities operating in designated portions of high-impact sectors*
- *Comprises less than one percent of all economic development incentives approved since 1995*

### **Quick Action Closing Fund (§288.1088, F.S.)**

- *Objective: Tool used to finalize negotiations for highly competitive projects*
- *Critical to attract projects where Florida is at a significant competitive disadvantage*
- *Closing Fund awards are paid out after the business has made a substantial capital investment toward tangible personal property tied to the project*
- *Sanctions and clawback penalties are included in each contract to protect taxpayer investments*
- *Comprises less than seven percent of all economic development incentives approved since 1995*

### **Innovation Incentive Program (§288.1089, F.S.)**

- *Objective: Attract major innovation businesses to spur development of key clusters*
- *Allows the state to compete effectively for high-value research and development, innovation business, and alternative and renewable energy projects*
- *Long-term investments made by the state in industry clusters critical to Florida's future of economic diversification*
- *Comprises less than one percent of all economic development incentives approved since 1995.*

CareerSource Central Florida's On-the-Job Training program will reimburse companies for one half of training expenses agreeing to the following: For additional information on CareerSource go to:

<http://careersourcecentralflorida.com/employer/on-the-job-training#sthash.Lam8rDC3.dpuf>