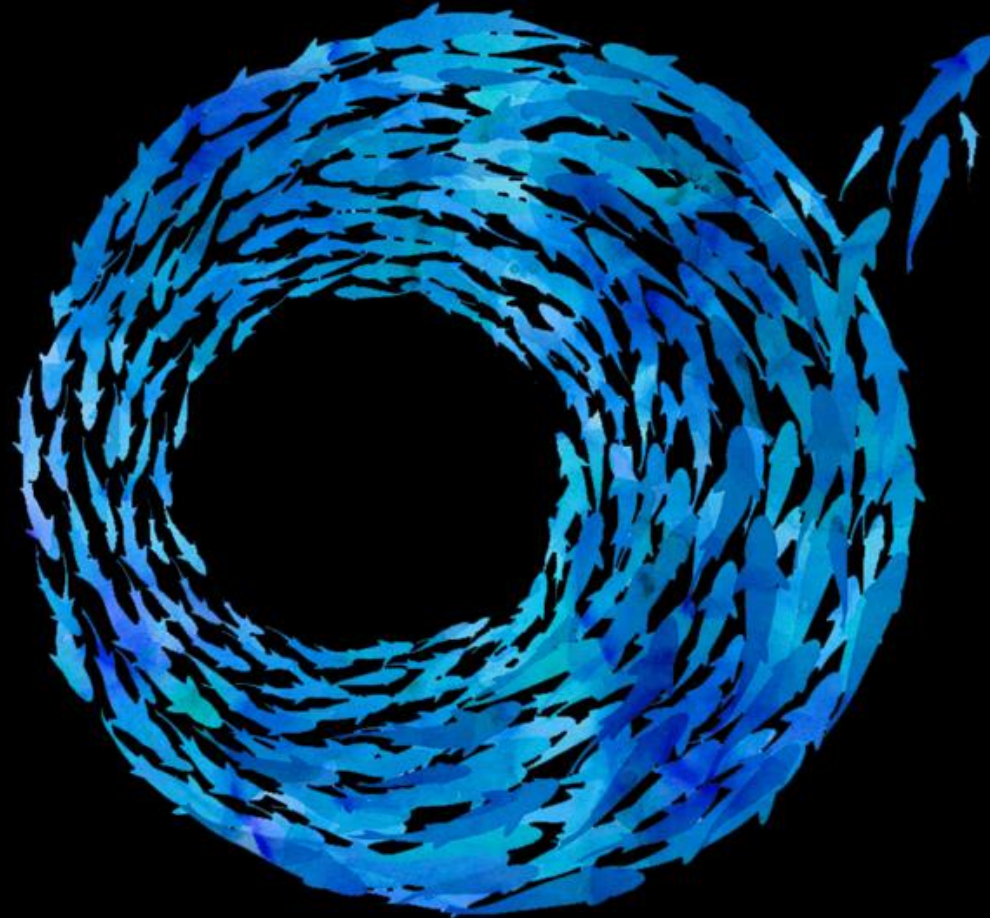


**Deloitte.**

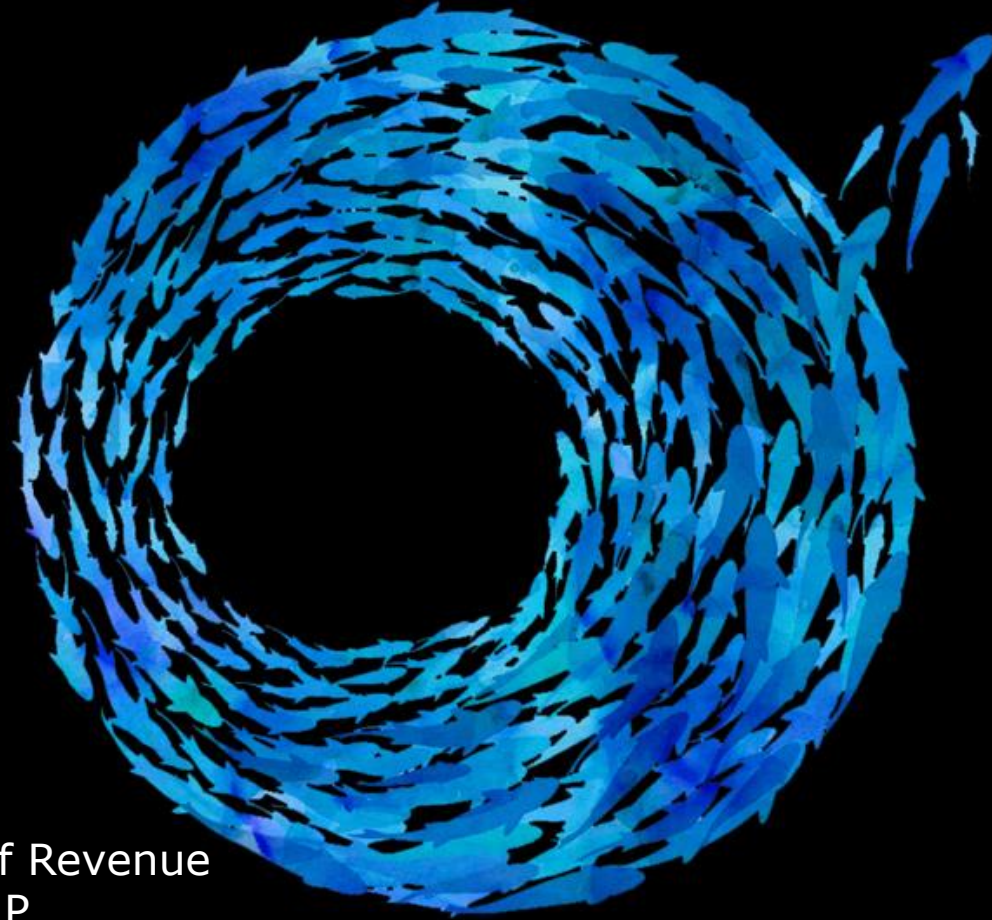


**The 2018 National  
Multistate Tax Symposium**

Take the lead—Tax reform and fortifying state positions

February 7-9, 2018





## **Florida tax developments**

Chris Snider, Deloitte Tax LLP

Tony Hamm, Florida Department of Revenue

Kevin Herzberg, Grant Thornton LLP

Mark E. Holcomb, Dean, Mead & Dunbar

Maria Johnson, Florida Department of Revenue

Rex D. Ware, Radey Law Firm

February 7-9, 2018

## Unique to Florida

- Bracket system to calculate sales tax
- Real estate rental (taxable)
  - Intercompany commercial rentals (trying to reduce rate more)
  - License to use real property
    - Tenant improvements
    - Real property taxes
- Ability to apportion
- Intercompany sales
- Consolidated returns - specialty industry apportionment
- Net operating loss (NOL)
- Communication services tax (pay attention here – digital economy)

# State of the State

- Fiscal condition & outlook
  - Key economic variables continue to look up but concern on horizon (spending)
  - Slowing population growth (but still ahead of national average)
  - Losing workers during higher wage earning years
  - Tale of two hurricanes and their lasting fiscal impact
  - Housing market much stronger
  - Reemployment tax remains at the lowest possible rate for a third year in a row
- Top general revenue sources
  - Sales/use
  - Corporate income (impact of Federal tax reform?)
  - Fees and other non-taxes
  - Collection trends

## State of the State (cont'd)

- Sales & use
  - Commercial rents
  - Leasehold improvements
  - Successor liability
- Tourists tax developments
  - Record collections
  - Adapting to the sharing economy

## Highlights at the Florida Department of Revenue

- Promoting voluntary compliance
- Leveraging electronic media
- Integrating third party data for compliance efforts
- Expanding eServices
- Enhancing data security measures

## 2017 Florida legislative session tax recap

- Needed 2 special sessions
  - Some changes in incentives
- Corporate income tax
  - Adopt IRC as of 01/01/17
  - Still no bonus depreciation, but §179 expenses deducted after 1/1/15 not added back
  - Return filing and estimated tax payment due dates conform to federal changes
  - No additional exemption (stays at \$50k of State TI)
- Sales and use tax
  - Rate reduction of commercial rental tax to 5.8% (20 bps)
  - Marijuana (NOT taxable)
- Property tax
  - Send to voters in November a vote on retaining limitations on rate increases on non-homestead property

## Recent rulings (TAAs/cases)

- Florida deconsolidation
- CST – cable vs. satellite, continues to US Supreme Court? No
- Sales tax class action suit



## 2018 Legislative Session

- Sixty day session started on January 9, 2018, and will end on March 9, 2018 due to fall elections
- Although all units of government are in the hands of the same political party, many conflicts of prior years are expected to continue
  - Significant legislator tension
  - Term limits for Legislators
  - Term limits for Cabinet
- Legislature's thoughts on fiscal spending differ from Governor's Budget
- Governor's tax package
- No DOR Legislative Concepts this year
- Also, Constitutional Revision Commission (CRC) begins its work

## 2018 Potential legislation

- Income tax
  - Piggyback IRC
  - Consider if accept Federal Tax Reform
- Sales tax
  - Further reduction of Commercial Rental Tax
- Property tax
- Tax administration

## Contact information

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