The 2018 National Multistate Tax Symposium
Take the lead—Tax reform and fortifying state positions

February 7-9, 2018
Florida tax developments
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February 7-9, 2018
Unique to Florida

• Bracket system to calculate sales tax
• Real estate rental (taxable)
  o Intercompany commercial rentals (trying to reduce rate more)
  o 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
  o Key economic variables continue to look up but concern on horizon (spending)
  o Slowing population growth (but still ahead of national average)
  o Losing workers during higher wage earning years
  o Tale of two hurricanes and their lasting fiscal impact
  o Housing market much stronger
  o Reemployment tax remains at the lowest possible rate for a third year in a row

• Top general revenue sources
  o Sales/use
  o Corporate income (impact of Federal tax reform?)
  o Fees and other non-taxes
  o Collection trends
State of the State (cont’d)

• Sales & use
  o Commercial rents
  o Leasehold improvements
  o Successor liability

• Tourists tax developments
  o Record collections
  o 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
  o Adopt IRC as of 01/01/17
  o Still no bonus depreciation, but §179 expenses deducted after 1/1/15 not added back
  o Return filing and estimated tax payment due dates conform to federal changes
  o No additional exemption (stays at $50k of State TI)
• Sales and use tax
  o Rate reduction of commercial rental tax to 5.8% (20 bps)
  o Marijuana (NOT taxable)
• Property tax
  o 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
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