



# Sales Tax Credits for Commercial Leases

The Florida Sales Tax Credit Scholarship Program ([s. 212.099, Florida Statutes](#)) provides 1:1 tax credits to companies that redirect their business rent tax to Step Up For Students, a state-approved Scholarship Funding Organization (SFO). Up to 100% of a business's state tax liability is eligible (5.8% in 2018, 5.7% in 2019).

The funds provide K-12 scholarships to low-income and foster children, eligible through the Florida Tax Credit (FTC) Scholarship Program ([s. 1002.395, Florida Statutes](#)). Step Up For Students distributed more than 105,000 FTC Scholarships for the 2017-18 school year and is the only SFO that serves the entire state of Florida.

For the 2018-19 state fiscal year, the Florida Legislature has allocated up to \$57.5 million in available tax credits for this program. Credits are approved on a first-come, first-served basis with the Florida Department of Revenue.

### MISSION

Step Up For Students empowers parents to pursue and engage in the most appropriate learning options for their children, with an emphasis on families who lack the financial resources to access these options.

Parents use these scholarships to send their children to a K-12 public or private school that provides the learning environment that best meets the child's unique needs.

Scholarships are awarded to students, not schools, making them portable. If a school fails to meet the needs of a student or the expectations of a parent, they are free to choose another school approved by the FL Dept. of Education.

### STATE COST SAVINGS

Five independent studies on the financial impact of the program have each concluded the program saves the state money. The savings derive primarily from the fact that the maximum scholarship is less than state's average operational cost per public school student.

### STUDENT ELIGIBILITY

Foster children or children whose household income is within 185% of the Federal Poverty Level (FPL) qualify for scholarships funded through the commercial lease sales tax.

### STEP UP STUDENTS MORE LIKELY TO ATTEND COLLEGE

A first-of-its-kind study released in Sept. 2017 by the Urban Institute evaluated the long-term effects of the nation's largest private K-12 scholarship program. It found that students on scholarship for four years or more are up to 43% more likely to attend public Florida college and up to 29% more likely to earn associate degrees than their public-school peers.

### ACADEMIC GAINS

Students in grades 3-10 are evaluated annually with state-approved, national norm-referenced tests. Nine consecutive years of studies show the average scholarship student is among the lowest performers in their prior school and that once on scholarship, students see similar learning gains to all students nationally, regardless of income. Additionally, research has shown that academic performance in public school students has been boosted from the existence of the FTC program.

### TAX CREDIT OVERVIEW

Beginning October 1, 2018, contributions to Step Up For Students are eligible for the tax credit. To participate, the tenant first reserves credits with the Florida Department of Revenue (DOR). Credits are approved on a first come, first-served basis. Businesses may apply for credits multiple times during the state fiscal year. Reserving credits does not oblige a company to remit the funds— it merely ensures that the annual maximum in tax credits is not oversubscribed.

Once credits are approved, the tenant will remit payment to Step Up and will be provided a Certificate of Contribution once payment has been received. Both the tax credit reservation and Certificate of Contribution will include the landlord's FEIN and business address.

The tenant will provide a copy of the DOR approval letter and Step Up Certificate of Contribution to the landlord. The landlord will reduce the amount of state sales tax due by the credit. The tax credit granted cannot exceed the state tax due (5.8% in 2018, 5.7% in 2019). The tenant must pay any county discretionary sales surtaxes to its landlord. Any tax credit granted that exceeds the state tax due (excess credits) can be carried forward to offset future business rent tax due for a period of up to 10 years.

Step Up will submit monthly reports to the DOR that will include the contribution amounts and the FEIN of each dealer associated with the contribution to ensure contributions are being claimed and credited appropriately.



# Taximize Your Business Rent Tax

Through the Florida Sales Tax Credit Scholarship Program ([s. 212.099, Florida Statutes](#)), dollar-for-dollar tax credits are provided to businesses that redirect their business rent tax to Step Up For Students, a state-approved Scholarship Funding Organization (SFO). Up to 100 percent of a business's state tax liability is eligible (5.8% in 2018, 5.7% in 2019). The funds provide K-12 scholarships to low-income children or children who are in foster care.

When companies invest in our program, they make a lasting impact on the lives of scholarship students and inspire a brighter future through personalized education. **Taximize** is the word we've coined to describe how a company can optimize its tax liability to invest in underprivileged students through dollar-for-dollar tax credits. **Will you taximize?**

### STEP 1: RESERVE

Tenants reserve tax credits using Florida DOR [Form DR-117000](#). An application is required for each leased or licensed location.

Companies may apply for credits more than once during the year and will be approved if credits are available in the funding cap. Reserving credits does not oblige a company to remit the funds—it is merely a way for the DOR to ensure that the annual maximum in tax credits is not oversubscribed.

For the 2018-19 state fiscal year, the Florida Legislature has allocated up to \$57.5 million in available tax credits for this program.

### STEP 2: REMIT

The tenant must remit payment to Step Up For Students before its rent payment is due to the landlord. The credit is only available against the state sales tax and does not apply to county discretionary sales surtaxes (5.8% in 2018, 5.7% in 2019).

Payments can be made by check, wire or ACH. Upon receipt of payment, Step Up For Students will provide a Certificate of Contribution.

### STEP 3: REDUCE & REPORT

The tenant will provide its landlord with the DOR approval letter and Certificate(s) of Contribution to validate that the credits have been approved by the DOR and earned with the contribution to Step Up For Students. The landlord then reduces the amount of state sales tax due by the amount of the credit. Any excess credits may be carried forward as discussed below.

The landlord must report the claimed credits on its electronically-filed Sales and Use Tax Return (Form DR-15). Landlords cannot report credits on the Form DR-15EZ or on any paper tax return. Credits may not be claimed on an amended return.

Step Up For Students is also required to report contributions to the DOR on a monthly basis on Form DR-117300.

### ADDITIONAL INFORMATION

**Transferring Credits:** The tax credit can be transferred to another entity if all assets of the taxpayer are conveyed, assigned or transferred in the same transaction and the successor business continues the same lease with the same landlord. Companies must notify the Florida DOR in writing of their intent to transfer credits.

**Change of Landlord or Property:** If the landlord collecting the tax on the property changes or the tenant moves to another property, the tenant can change its approved allocation by completing Florida DOR [Form DR-117100, Change of Credit Allocation](#).

**Credit Carry Forward:** If a tenant has insufficient tax liability to take the full credit against any rent payment (earned credit is greater than 100 percent of state tax due), the tenant may carry forward the unused credit for up to 10 years.

**Rescission:** Sometimes it is necessary for a corporation to rescind all or part of their pledge(s). By completing a rescindment application, your company is releasing your reserved tax credits back into the program cap, allowing other companies to step in and fulfill that amount. There is no penalty for rescinding a pledge.