



UNIVERSITY OF CENTRAL FLORIDA

**Financial Affairs**

As shared in the April and May Finance Focus Group (FFG) meetings, state sales tax information related to real property rentals that is required to be entered in Workday is changing. The state legislature approved another reduction of the state sales tax rate on real property rentals. The new rate is effective for rental periods beginning on or after June 1, 2024. Sales tax is due at the rate in effect during the time the tenant occupies or is entitled to occupy the real property, regardless of when the rent is paid. Below is a summary of the current and future real property, rental sales tax rates for the counties where UCF currently has rental facilities.

<b>County</b>	<b>Real Property Rental Sales Tax Rate Prior to 6/1/2024</b>	<b>Real Property Rental Sales Tax Rate On/After to 6/1/2024</b>	<b>New Rental Tax Code Name</b>
Orange	5%	2.5%	Orange Rental Sales Tax
Seminole	5.5%	3%	Seminole Rental Sales Tax
Osceola	6%	3.5%	Osceola Rental Sales Tax
Volusia	5%	2.5%	Volusia Rental Sales Tax

- To accommodate the reduced tax rate county rental sales tax rates have been updated in Workday with an effective date of June 1, 2024. Therefore, if a customer invoice or cash sale has an invoice or cash sale date on or after June 1, 2024, tax will automatically be calculated at the new, lower tax rate. If the cash sale or invoice date is prior to June 1, 2024, the tax will automatically be calculated at the old, higher sales tax rate.
- When recording a taxable Cash Sale or Customer Invoice in Workday enter Tax Point Date Type “Goods/Service Delivery Date.” In the Tax Point Date field enter the date the lessor has a right to the property (e.g., if the tenant rented a room for an event on July 1, 2024, enter 07/01/2024). The sales tax will calculate at the rate in effect on the tax point date.

For more information, review the Frequently Asked Questions document on the Financial Affairs website.

If you have any questions about these changes, create a Workday Help case with case type “Central: Tax.” If you do not have access to the Central: Tax case type, please select “Finance Other,” and in the body of your case, request that it be routed to Central Tax.

## FAQs

- Do I need to amend existing customer contracts for the new tax rate?
  - A: No. Since tax rates were updated within the tax code, new rates will automatically be applied to all customer invoices with an invoice date on or after June 1, 2024.
- What do I do if I receive a payment in May for a June real property rental?
  - Payments received in May for June property rentals are subject to sales tax at the new, lower tax rate. If the customer was charged and/or paid sales tax at the higher tax rate, the tax must either be recorded and remitted at the higher tax rate, or the overpayment should be returned to the customer.

The cash sale/customer invoice will calculate the sales tax at the rate in effect at the time of the Tax Point Date. When recording cash sale or customer invoice, select the appropriate Tax Applicability and the Tax Code for the county where the property rental will occur. For lines with tax applicability USA Taxable you will need to enter the Tax Point Date Type “Goods/Service Delivery Date” and enter the date that the tenant has the right to use the property in the Tax Point Date field. For example, if you receive payment in May for a rental of real property that begins June 2, 2024, the Tax Point Date should be 06/01/2024. Tax will be calculated at the new lower sales tax rate. If you do not enter a Tax Point Date, the tax will calculate based on the Cash Sale Date or Invoice Date which will be at the higher rate in effect at the time the deposit was recorded or the invoice was prepared.

- What do I do if I receive payment after June 1, 2024, for a real property rental that occurred before June?

Payments received in June or later for rentals that took place before June are subject to sales tax at the old, higher sales tax rates.

The cash sale/customer invoice will calculate the sales tax at the rate in effect at the time of the Tax Point Date. When recording the cash sale or customer invoice, you will need to select the appropriate Tax Applicability and the Tax Code for the county where the property rental will occur. For lines with tax applicability USA Taxable you will need to enter the Tax Point Date Type “Goods/Service Delivery Date” and enter the date that the tenant has the right to use the property in the Tax Point Date field. For example, if you receive a payment in June for a rental of real property that occurred on May 15, 2024, the Tax Point Date should be 06/15/2024. Tax will be calculated at the old higher sales tax rate. If you do not enter a Tax Point Date, the tax will calculate based on the Cash Sale or Invoice Date which will be at a lower rate in effect at the time the deposit was recorded or the invoice was prepared.