

TAX GUIDE FOR FLORIDA HOMEBUYERS

Warm weather, beautiful beaches, and abundant golf courses aren't the only reasons Florida is one of the most popular retirement destinations in the United States. Florida has no income tax, estate tax, or inheritance tax. States with no income tax tend to hike up sales and property taxes, but Florida's sales and property taxes are close to the national average. The average property tax rate in Florida is .98% and the general statewide sales tax is 6%.

The combined state and local tax burden for Florida residents falls well below the national average. At just 6.97%, residents of more than 40 states pay higher taxes than Floridians, according to the most recent ranking by WalletHub.

FLORIDA PROPERTY TAX INFORMATION

If you purchase a home in Florida, property tax is levied and paid at the county level and is based on the "just" or fair market value of the property. Property value is determined by a local tax assessor. County appraisers establish the value of your property each year as of January 1. They review and apply exemptions, assessment limitations, and classifications that may reduce your property's taxable value.

Florida's average real property tax rate is 0.98%, which is slightly lower than the U.S. average of 1.08%. The average Florida homeowner pays \$1,752 each year in real property taxes, although that amount varies between counties.

Florida real property tax rates are implemented in millage rates, which is 1/10 of a percent. This equates to \$1 in taxes for every \$1,000 in home value.

Property tax bills are sent in late October/early November each year with full payment due by March 31 of the following year.

FLORIDA PROPERTY TAX EXEMPTIONS

Various Florida tax exemptions may be applied to a property's assessed value to reduce the taxable value of the property. The most common adjustment for residential real estate is the "homestead exemption," which reduces the taxable value by at least \$25,000 and up to \$50,000 for a home that the owner occupies as their primary residence. The homestead exemption does not apply to second homes, vacation homes, or timeshares. Applications for the homestead exemption must be filed with the county by March 1 of the tax year for which the exemption is requested—and applicants must provide documentation of permanent residence to the county appraiser to qualify. (Cont...)

Additional exemptions may be available for seniors, widows, and widowers, as well as veterans and people with disabilities.

FLORIDA PROPERTY TAX ASSESSMENTS

When a property is sold, the sale price is considered the “just value” of the property. Any applicable exemptions are subtracted from the just value to determine the initial taxable value. In subsequent years, increases in the assessed value are capped at 1.4% annually for a “homestead” (as of 2021 for a primary residence), and 10% for non-homestead properties. Property owners are notified each August of the assessed value and millage rate as of January 1 of that year. All owners have the right to appeal to the county’s Value Adjustment Board regarding the assessed value or allowed exemptions.

FLORIDA INCOME TAX

The state of Florida does not tax personal income, retirement income, or most forms of “intangible property such as stocks, bonds, and mutual funds. All Florida residents must file a federal income tax return.

FLORIDA SALES TAX

The statewide general sales tax in Florida is 6%. With the addition of local surtaxes, the total sales tax for most Florida counties ranges from about 6.25% to 8.5%. For certain transactions, the first \$5,000 of the purchase price is subject to county sales surtax.

FLORIDA VEHICLE TAXES AND REGISTRATION FEES

Florida’s 6% sales tax applies to motor vehicles purchased in the state or brought into the state within six months of the purchase date. The initial registration fee for an out-of-state vehicle is \$225. Annual registration fees for cars and trucks range from \$1.60 to \$91.20, with an additional \$75.75 for title fee and \$7.85 for plate transfer fee. The average DMV fees in Florida on a new-car purchase add up to \$181, which includes the title, registration, and plate fees.

FLORIDA REAL ESTATE TRANSFER TAX

A transfer tax of 0.7% of the sale price (known as a “documentary stamp tax”) is charged to sellers in all Florida real estate transactions, except in Miami-Dade County, where the single-family residence tax rate is 0.6%.

FLORIDA ESTATE TAX

There is currently no estate tax in the state of Florida (except on estates of people who died prior to December 31, 2004).

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