



Gobbling Up Sales

The Economic Impact of Thanksgiving and the Start of Holiday Shopping

Thanksgiving for most people invokes images of family gatherings, turkey, and football. But for retailers, it invokes images of large crowds and dollar signs. Thanksgiving, Black Friday, and Cyber Monday are cash cows for businesses, particularly the retail and food industries. Those days are also important for Florida, as the state will collect a six percent sales and use tax on most of the retail goods purchased by shoppers and some grocery items, but will fail to collect lawfully owed taxes on many items purchased online during Cyber Monday.

Thanksgiving

Thanksgiving boosts grocery store revenue significantly, as most families hold annual feasts comprised of a turkey, various sides and dessert, and beverages. The Florida tax code is stuffed with confusing rules on the most popular Thanksgiving foods. While Florida does not collect sales tax on most of the main food items, like turkeys or bread stuffing, the state will collect on some desserts, all alcohol and soda products, and any prepared items that you pick up from your local grocer. If you enjoy ice cream on top of your pie, the state can collect tax on the purchase of the ice cream if it is a pint or smaller.

While most items prepared on-site are taxable, bakery items, such as a pumpkin pie, are exempt if sold for off-premises consumption. All soda is taxable, and alcohol is subject to not only sales taxes, but excise taxes as well.

Black Friday

While the taxes collected by the state on Thanksgiving are modest, Black Friday is an entirely different monster. Last year, more than 87 million Americans shopped on Black Friday and those numbers are expected to hold this year. According to AMEX forecasts, American consumers are expected to spend an average of \$584 on Black Friday 2015, boosting revenues for retailers all over the country. The Florida Retail Federation expects Florida retailers to see sales up 4.5 percent from last Black Friday. With people rushing to find the best deals on various items, Florida will collect sales and use tax on each Floridian who purchases a taxable item from a “brick and mortar” retailer on Black Friday, leading to significant tax revenues for a single day of shopping.

Cyber Monday

Cyber Monday is a big sales day specifically for online retailers. The Monday following Thanksgiving, online-only deals cause consumers to drive up internet traffic to purchase holiday gifts. However, unlike Black Friday, many Florida consumers don't pay any taxes on their online orders because the Supreme Court has ruled that out-of-state online retailers are not required to collect sales tax at the time of transaction (*Quill Corp. v. North Dakota*). What many Floridians don't know is that the state is still owed this tax and Floridians must submit their tax payments directly to the Florida Department of Revenue. Since many Floridians don't know about this little-known law, and the state lacks the resources to pursue the issue individually, Florida loses out on millions of dollars of revenue a year.

Florida has taken steps address this issue by joining the Streamlined Sales and Use Tax Agreement (SSUTA), a coalition of 44 states and Washington D.C. While Florida has not fully committed to the SSUTA, if Florida were to collect a percentage of the total equal to its percentage of population among participating SSUTA states, Florida TaxWatch projects that the state could collect more than \$72 million in additional sales taxes.

Conclusion

When you put it all together, businesses and Florida will win big this holiday season, increasing the bottom line for businesses and giving Florida some additional funds. But don't let consumerism take away from what Thanksgiving is really about: spending time with friends and family.

SOURCES:

Florida Retailers - <http://www.sunshinestatenews.com/story/florida-retailers-forecast-strong-holiday-shopping-season>

AMEX Forecast - <https://www.mainstreet.com/article/here-is-your-2015-black-friday-shopping-experience-guide>

Florida TaxWatch - <http://www.floridatxwatch.org/ResearchAreas/E-Fairness.aspx>