



Florida Department of Revenue
Tax Information Publication

TIP

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**Prepaid College Meal Plan Exemption
Effective July 1, 2014**

Beginning July 1, 2014, the sale of certain prepaid meal plans at colleges and institutions of higher learning in the state of Florida is exempt from sales tax. To qualify for the exemption, the meal plan must meet each of the following requirements:

- The meal plan must be prepaid. In order to be prepaid, a payment, whether in full or in installments, must be initiated in advance of use.
- The meal plan must be purchased from the college or other institution of higher learning. Purchases made on student accounts or payments made directly to the school will qualify.
- The meal plan must be purchased by a student currently enrolled at the school. Any student taking any number of credit hours will qualify.
- The meal plan must be for a defined quantity of units such as a number of meals per week, month, year, or term; a set monetary amount; or an unlimited number of meals for a defined number of days.
- The balance of unused units must expire at the end of an academic term. The expiration can be at the end of any academic term, not just the academic term in which they are purchased. Units can rollover from term to term, provided that they will eventually expire at the end of an academic term.
- The units cannot be refunded to the student at expiration. Refunds due to withdrawal from school, changing from a school meal plan to a meal plan provided by a sorority or fraternity, or other changes in circumstance do not disqualify a meal plan from the exemption. Refunds at graduation are considered the refund of units at expiration, and would disqualify a meal plan from the exemption.
- The units can only be exchanged for food.

“Hybrid” Meal Plans / Flex Dollars

Many college meal plans now have hybrid options that provide for a prepaid meal plan as described above and in addition provide a set amount of “flex” dollars that can be used at designated establishments for certain types of purchases. For sales tax purposes, cash equivalents are items purchased that entitle a person to redeem them in the future to receive tangible personal property or services. A common example is gift cards. Most gift cards are not

taxable upon purchase. Instead, the taxability of the transaction is determined when the gift card is used. For hybrid meal plans, the portion of the plan that meets the requirements of a prepaid meal plan as described above can be exempt, if the “flex” dollars are cash equivalents where the taxability is not determined until use. If the “flex” dollars meet the requirements of a prepaid meal plan as described above, the entire meal plan can be exempt.

References: Chapter 2014-38, Laws of Florida; Section 212.08(7)(r), Florida Statutes

For More Information

This document is intended to alert you to the requirements contained in Florida laws and administrative rules. It does not by its own effect create rights or require compliance.

For forms and other information, visit our website at www.myflorida.com/dor or call Taxpayer Services, 8:00 a.m. to 7:00 p.m., ET, Monday through Friday, excluding holidays, at 800-352-3671.

For a detailed written response to your questions, write the Florida Department of Revenue, Taxpayer Services, MS 3-2000, 5050 West Tennessee Street, Tallahassee, FL 32399-0112.

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