

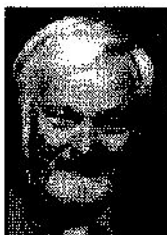
OPINION

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New communications tax includes more businesses

If you think the new Florida tax on communications doesn't apply to your business, you might want to make sure.

Previously registered telecommunications companies must re-register to collect and remit communications services taxes. But now additional companies — including retail stores that provide fax services to the public — must also register, collect and pay this tax. More than 6,500 businesses may be required to pay this tax. Is your company among them?



**GUEST
COLUMN**

JIM SILVEY

Traditional telephone services, such as local and long distance, cellular phones and pagers continue to be taxed. Charges made by hotels and motels for telex, telegram or teletypewriter services are subject to the tax. Services that were previously not considered telecommunications, such as cable television and direct-to-home satellite services will now be subject to the tax. Even businesses that provide fax service to retail customers, like photocopy shops, mailing service companies, grocery stores and office supply companies will be required to register, collect, report and pay the state and local communications services tax. The tax applies to all communications services bills issued to customers on Oct. 1 and thereafter.

Not subject to the tax are: Internet access, e-mail, electronic bulletin boards, electronic publishing, Internet, Web hosting or end-user 900 number services, unless they are bundled together with other services subject to the tax. The communications tax does not apply to the retail sale or recharge of prepaid calling cards; however, these are taxable at the 6 percent state sales tax rate, and are also subject to any local non-communications tax at the time of sale. Residential service is

exempt from the sales portion but not the gross receipts portion of this combined tax.

Businesses should take this new tax seriously. If you don't register, you may have to pay the tax twice: when you (the reseller) buy the service, and when you sell it to consumers. You'll also be subject to penalties and interest for not collecting and paying the tax.

This tax replaces a complex system of seven state and local taxes and fees. The new law is a two-part tax structure made up of state sales and gross receipts taxes, and local tax. These companies must now file returns and pay tax to one government entity, the Florida Department of Revenue. The department will send notifications to businesses that now pay gross receipts tax and other taxes on communications services informing them that they must register to collect communications services tax using a new form, DR-700013.

Reporting requirements are strict. The new law requires all businesses to file the communications services tax form (DR-700016) monthly. Each company must keep a detailed list of the location of each customer, collecting and reporting local taxes for each site to the department as part of the filing requirement. Also, the law requires all companies to separately itemize the state and local portions of the communications services tax on customers' bills.

The state tax rate is currently 9.17 percent; local rates are being set by local governments. While some details of tax administration are still being worked out, the department is sending detailed information on how to comply with this law to thousands of Florida businesses, with further updates planned by Oct. 1.