



Communications Services Tax

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Communications services tax is comprised of two parts: the Florida communications services tax and the local communications services tax.

What is Taxable?

Communications services include telecommunications, video, direct-to-home satellite, and related services. This definition includes voice, data, audio, video, or any other information or signals transmitted by any medium.

Examples of services subject to the tax include, but are not limited to:

- Local, long distance, and toll telephone
- Voice over Internet Protocol (VoIP) telephone
- Video services (for example, television programming) whether provided by a cable, telephone, or other communications services provider
- Video streaming
- Direct-to-home satellite
- Mobile communications
- Private line services
- Pager and beeper
- Telephone charges made at a hotel or motel
- Facsimiles (fax), when not provided in the course of professional or advertising service
- Telex, telegram, and teletype

Tax Rates

State (Florida) Portion

The Florida portion of the tax includes both state and gross receipts tax. (The gross receipts tax on communications services is imposed under Chapter 203, Florida Statutes [F.S.], but administered under Chapter 202, F.S.). The total tax rate for the Florida portion is 7.44 percent. The rate for the state tax is 4.92 percent. The total rate for the gross receipts tax is 2.52 percent, which is composed of .15 percent and 2.37 percent.

Dealers may bill and collect the 4.92 percent state tax rate along with the .15 percent gross receipts tax rate (a total of 5.07 percent) provided the amounts are properly reflected on the tax return.

Local Portion

Each local taxing jurisdiction (municipality, charter county, or unincorporated county) has a specific local tax rate. To verify current or historical local tax rates, visit Department of Revenue's (Department) website at floridarevenue.com/taxes/rates. Select the "Communications Services Tax Rates" tab and you will find "*Historical, Current and Upcoming Local Rates*" or a list of current local rates only "*Communications Services Tax Rate Table*."

Direct-to-home satellite service is taxed at the state rate of 9.07 percent plus 2.37 percent gross receipts tax for a total of 11.44 percent. Local tax does not apply to these services.

What is Exempt?

Dealers should not collect taxes on exempt sales of communications services.

Exempt transactions include:

- Sales for resale
- Sales or purchases of Internet access
- Sales to Federal agencies, the state, any county or municipality, or other political subdivision
- Sales to religious and educational organizations with 501(c)(3), I.R.C. status
- Sales to homes for the aged with 501(c)(3), I.R.C. status and that meet certain provisions

Examples of documentation needed:

Customer	Documentation Needed
Government	Written evidence, per Rule 12A-19.042, Florida Administrative Code
Religious and educational organizations, and homes for the aged with 501(c)(3), I.R.C. status	Written evidence, per Rule 12A-19.043, Florida Administrative Code
Resale	A copy of the customer's <i>Florida Annual Resale Certificate for Communications Services Tax</i> , or a telephone or online transaction or vendor authorization number. See the "Annual Resale Certificate" section for more information.

Partial Exemption for Some Residential Services

Communications services sold to a residential household are exempt from the 4.92 percent state tax and the .15 percent gross receipts tax. Residential service is subject to the 2.37 percent gross receipts tax and local tax. This partial exemption does not apply to the sale of mobile communications service, video service, direct-to-home satellite service, or any residence that constitutes all or part of a transient public lodging establishment as defined in Chapter 509, F.S.

Examples of how tax rates apply to services:

Local, long distance, VoIP, and toll telephone service is taxed at the total Florida rate of 7.44 percent, plus the applicable local tax rate. The 7.44 percent portion is composed of the state rate of 4.92 percent and total gross receipts tax rate of 2.52 percent (.15 percent plus 2.37 percent). However, as explained in the previous section, "Partial Exemption for Some Residential Services," some services sold to a residential household are exempt from the 4.92 percent state tax and .15 percent gross receipts tax.

Mobile communications and video services are taxed at the total Florida rate of 7.44 percent, plus applicable local tax rate. There is no residential exemption.

Telephone charges made at a hotel or motel and fax services are taxed at the total Florida rate of percent, plus applicable local tax rate. There is no residential exemption.

Direct-to-home satellite is taxed at a state rate of 9.07 percent plus 2.37 percent gross receipts tax for a total of 11.44 percent. There is no local tax and no residential exemption.

Informing the Customer

Dealers must itemize and separately state taxes on customer's bills. The taxes must be identified as Florida communications services tax and local communications services tax, respectively.

Who Must Register to Collect Tax?

A business that sells communications services, such as video services, direct-to-home satellite services, or other related services, must register as a dealer for communications services tax. One registration is required for each legal entity, regardless of the number of locations. You can register using the Department's secure website at floridarevenue.com/taxes/registration.

Dealers who collect local communications services tax must notify the Florida Department of Revenue of the method they will use to assign addresses to the correct taxing jurisdiction. To notify us of a change in the method you will use to assign addresses, complete Form DR-700020, *Notification of Method Employed to Determine Taxing Jurisdiction*.

Direct Pay Permits – Self-accrual authority may be granted to qualifying entities for one of two purposes:

- We may grant a direct pay permit for interstate communications services when the majority of the communications services used originate outside of Florida and terminate within the state.
- We may grant a direct pay permit for tax due upon determination when the taxable status of sales of communications services will only be known upon use.

To apply for a direct pay permit, complete Form DR-700030, *Application for Self-Accrual Authority/Direct Pay Permit – Communications Services Tax*.

Filing and Paying Taxes

You can electronically file and pay communications services tax using Revenue's secure web application. You can access the web application using your contract object number and business partner number or a Revenue-issued user ID and password. You must enroll in our eServices program to receive a user ID and password. Enrollment has advantages: you can save your bank account and contact information, view your filing history, and reprint returns. Go to the Department's website to find more information about electronic filing.

Businesses whose communications services tax collections are less than \$20,000 per state fiscal year (July 1 to June 30) may pay and report tax using a paper DR-700016 return. Returns and payments are due on the 1st and late after the 20th day of the month following the collection period. However, we encourage all taxpayers to file and pay electronically.

Businesses whose communications services tax collections are more than \$20,000 in the state's fiscal year (July 1 to June 30) will be required to file and pay electronically in the next calendar year.

Collection Allowances

A dealer using one or more of the qualifying methods to ensure proper address-to-jurisdiction assignment for purposes of collecting local communications services tax will be granted an allowance of .75 percent (.0075) of the total tax due.

The following are qualifying methods:

- Using the Department's address/jurisdiction database to verify the accurate assignment of customer addresses to tax jurisdictions
- Using a database developed by the dealer that has been certified by the Department to verify the accurate assignment of customer addresses to tax jurisdictions
- Using a Department-certified database supplied by a vendor to verify the accurate assignment of customer addresses to tax jurisdictions
- Using ZIP+4 and a methodology to match an address to its taxing jurisdiction when ZIP codes cross jurisdictional lines

If a qualifying method is not used to ensure proper address-to-jurisdiction assignment, a collection allowance of .25 (.0025) percent will be granted.

Direct-to-home satellite service providers receive the .75 (.0075) percent collection allowance.

Address/Jurisdiction Database

The Department's Address/Jurisdiction Database identifies the local taxing jurisdiction for addresses in Florida. The database is based on information provided by local taxing jurisdictions and is updated every six months. Visit floridarevenue.com/taxes/pointmatch to access the database.

Examples of how the database can be accessed and used:

- The public can use the address look-up screen to look up an address and verify the communications services tax rates and applicable taxing jurisdictions.
- Communications services tax dealers can download the entire address database, or download by state, county, or jurisdiction.
- Local governments can download the address database by state, county, or jurisdiction. Local governments can also request changes to the database. (User registration is required.)

Certification of Databases

Dealer or vendor databases can be certified for their accuracy in assigning street addresses to the proper jurisdiction. Dealers or database vendors can request database certification by filing an *Application for Certification of Communications Services Database* (Form DR-700012). For a list of certified vendors, visit floridarevenue.com/taxes/cst and select the tab, "Certification of Databases."

Annual Resale Certificate

Upon initial registration, dealers will be sent a *Florida Annual Resale Certificate for Communications Services Tax* (Form DR-700015) along with their *Certificate of Registration* (Form DR-700014). This annual resale certificate is separate from the one issued for sales and use tax. The resale certificate may be used only to make tax-exempt purchases of communications services that will be resold. Certificates expire each year on December 31. Registered, active dealers are issued a new resale certificate annually.

Registered, active dealers who electronically file their tax returns are required to print their own resale certificate. Dealers who file paper returns will be mailed a new certificate each year in mid-November. All registered, active dealers, regardless of how they file returns, may access their certificate at floridarevenue.com/taxes/printcertificate. The annual resale certificate may be downloaded and printed or saved.

Here are some points for selling dealers to remember about accepting a *Florida Annual Resale Certificate for Communications Services Tax*.

- Selling dealers must document all exempt sales for resale. You can document these sales by obtaining a copy of the purchaser's annual resale certificate, or by using the Department's online verification system at floridarevenue.com/taxes/certificates. You also have the option of calling 877-357-3725 toll-free and selecting communications services tax.
- When a selling dealer obtains a resale certificate, additional sales during the year to the same purchaser do not require a new certificate. If the purchaser buys on account on a continual basis, the selling dealer needs to obtain a certificate valid at the time of purchase, but does not need to obtain a new certificate each year.
- If the purchaser knows their communications services tax certificate/business partner number, the selling dealer can obtain a Transaction Resale Authorization Number online at the time of sale. You also have the option of calling 877-357-3725 toll-free and selecting communications services tax. The Transaction Resale Authorization Number received by phone or online is valid for that transaction only. If a purchaser has already provided a copy of their resale certificate, selling dealers can obtain a unique Vendor Resale Authorization Number by using the online certificate verification system.
- Dealers may upload a batch file of up to 50,000 accounts for resale certificate verification at floridarevenue.com/taxes/certificates. Dealers will receive a Vendor Authorization Number for each valid account in their batch file that can be retrieved 24 hours after the file submission. Vendor Authorization Numbers are valid for sales to each purchaser during the calendar year.

For more information, see TIP 07A19-05 in the Department's online Revenue Law Library.

Use Tax

Consumers who purchase taxable communications services from a seller that does not collect tax must report and pay use tax. Complete Form DR-700019, *Communications Services Use Tax Return*.

Information and forms are available on our website at **floridarevenue.com**.

To speak with a Department of Revenue representative, call Taxpayer Services at 850-488-6800, Monday through Friday, excluding holidays.

For a written reply to tax questions, write to:

Taxpayer Services MS 3-2000
Florida Department of Revenue
5050 W Tennessee St
Tallahassee FL 32399-0112

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