



Florida Department of Revenue  
Tax Information Publication

**TIP**

No: 10A19-04

Date Issued:  
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**Communications Services Tax  
Changes to Reporting Credits for Bad Debts**

Dealers may report credits for bad debts by netting the credit directly against communications services tax due. Dealers may use a proportional allocation method based on current gross sales to determine the amount of bad debt attributable to the state or local jurisdiction. Dealers may also use other reasonable allocation methods approved by the Department.

Previously, dealers were required to report credits for bad debts by using the correct adjustment schedule of the *Florida Communications Services Tax Return* (Form DR-700016, Schedule III for direct-to-home satellite providers; Schedule IV for all other providers). Dealers may continue to use the appropriate adjustment schedule or may net the bad debt credit against tax due on Schedule I or Schedule II (for direct-to-home satellite providers).

The law change is retroactive to July 1, 2000. However, the retroactive effective date does not create the right to a refund, or require a governmental entity to refund any tax, penalty, or interest remitted to the Department before July 1, 2010.

**Time Limit for Reporting Bad Debts Has Not Changed**

Dealers must claim a credit or apply for a refund of bad debts within 12 months following the last day of the calendar year for which the bad debt was charged off on the dealer's federal income tax return. For more information about the time limit for claiming a credit or applying for a refund for bad debts, see TIP 04A19-01. TIP 04A19-01 is available on our web site at [www.myflorida.com/dor](http://www.myflorida.com/dor).

A credit or refund is available only for specific accounts that have been written off.

**Reporting Other Credits**

Credits, other than credits for bad debts, must still be reported using the correct adjustment schedule (Form DR-700016, Schedule III for direct-to-home satellite providers; Schedule IV for all other providers).

**Documentation**

Regardless of the method used to report bad debt credits or other types of credits reported on the adjustment schedule, dealers must keep records to support all credit amounts reported.

**References: Section 202.29, Florida Statutes; Section 1, Chapter 2010-83 Laws of Florida (HB 281)**

**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 Internet site at [www.myflorida.com/dor](http://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.

Persons with hearing or speech impairments may call our TDD at 800-367-8331 or 850-922-1115.

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

**Don't delay-save today!**

You can **pay overdue taxes with no penalty and reduced interest under Florida's Tax Amnesty Program**, July 1 to September 30, 2010. All taxes administered by the Department of Revenue are eligible, except unemployment tax and Miami-Dade County Lake Belt Fees. Visit [www.myflorida.com/dor/amnesty](http://www.myflorida.com/dor/amnesty) to find out more.