

AGENDA
RULE DEVELOPMENT WORKSHOP
(If Requested in Writing)

Workshop Material Available on the web at:
<http://www.floridarevenue.com/rules>

2:00 P.M., November 7, 2018

Contacts: Danielle Boudreaux, Revenue Program Administrator I, (850) 717-7082
Becky Avrett, Government Analyst I, (850) 717-6799

ROOM 1220, BLDG ONE
2450 SHUMARD OAK BLVD
TALLAHASSEE, FLORIDA

THIS MEETING IS OPEN TO THE PUBLIC

1. Call to Order:

- (a) Introduction of Department of Revenue Staff
- (b) Opening Remarks by Department of Revenue

2. Business: Presentation and discussion of the proposed changes to the following rule sections of the Florida Administrative Code (F.A.C.):

ADMINISTRATIVE RULES

Rule 12-25.0305, F.A.C.
Rule 12-25.031, F.A.C.
Rule 12-25.033, F.A.C.
Rule 12-25.035, F.A.C.
Rule 12-25.037, F.A.C.
Rule 12-25.047, F.A.C.
Rule 12-25.048, F.A.C.

3. Closing Comments

STATE OF FLORIDA
DEPARTMENT OF REVENUE
CHAPTER 12-25, FLORIDA ADMINISTRATIVE CODE
CONTRACT AUDITING
REPEALING RULE 12-25.0305

AMENDING RULES 12-25.031, 12-25.033, 12-25.035, 12-25.037, 12-25.047, AND 12-25.048

12-25.0305 Scope of Rules.

The rules set forth in this part are applicable to all taxes:

~~(1) Imposed by Sections 125.0104 and 125.0108, F.S., unless the tax is self administered by a county.~~

~~(2) Imposed by Chapter 212, F.S.~~

Rulemaking Authority 213.06(1), 213.285(7) FS. Law Implemented 213.285 FS. History—New 8-23-99, Repealed.

12-25.031 Definitions.

The following definitions shall apply to this Part:

(1) “Board” means the State of Florida Board of Accountancy, ~~as provided in Chapter 473, F.S.~~

(2) “Certified Public Accountant” shall have the same meaning as the term is defined in ~~Section~~ Chapter 473.302(4), F.S.

(3) through (11) No change.

Rulemaking Authority 213.06(1), 213.285(7) FS. Law Implemented 213.285 FS. History—New 8-23-99, _____.

12-25.033 Eligibility and Qualifications.

(1)(a) No change.

(b) Any practitioner employed by the qualified audit firm who performs audit analysis, makes auditing decisions on source documents, taxpayer data or sales transactions, or who performs agreed-upon procedures, except for the gathering of information for the planning work discussed in subparagraphs 12-25.047(1)(b)1., 2., 4., 5., 6. and 7., F.A.C., scheduling, or reconciling, must successfully complete a training course approved by the Department prior to their initial performance of the subject activities. ~~The Department will approve the training, including instructional curriculum and materials, and testing, administered and delivered by the contract provider, if the provider meets all the conditions contained in pages 20 through 23 of the contract required to be established by both parties pursuant to Section 213.285(1), F.S., and Section 4 of Chapter 98-95, Laws of Florida. This contract is adopted and incorporated by reference. However, the Department shall grant a waiver of this requirement for a specific certified audit in circumstances where a practitioner working on the subject audit can not complete his or her work due to a documented medical reason, a documented family emergency, or the practitioner has left the employment of the firm.~~ The training course will, at a minimum, teach the basics of Florida Sales and Use tax law, and will include a required examination. The Department will be the final authority on the content of the training course and the nature, number, and type of questions on the examination. “Successfully complete” means the participant has met all the requirements for the course and achieved a scaled score of 70 percent. Further, any practitioner performing the subject activities shall be supervised by a qualified practitioner. The subject qualified practitioner will be physically on-site where the activities are

performed.

(c) through (e) No change.

(2) To be eligible to provide a certified audit service to a taxpayer, the qualified audit firm must be independent with respect to that taxpayer, pursuant to the guidelines established by Form DR-343000, Certified Audit Program Independence Issues, effective XX/XX (http://www.flrules.org/Gateway/reference.asp?No=Ref-_____), ~~Florida Board of Accountancy Advisory Opinions issued on certified audit independence questions,~~ which are hereby adopted and incorporated by reference. The Department will determine if the circumstances and facts of the particular situation are materially the same as situations for which guidelines were previously issued. If the facts and circumstances are unique or if the qualified audit firm believes there are differences between their situation(s) and the situation(s) previously addressed by the Board that were the basis for the Department to deny participation, then the qualified audit firm can request an Advisory Opinion from the Board on the particular situation(s). The Department shall then decide based on the guidelines in the Board's response to that request ~~and based on General Standard No. 2 (Independence), Generally Accepted Auditing Standards, which are adopted and incorporated by reference.~~ If the qualified audit firm does not agree with the Department's decision, it can request a Declaratory Statement from the Board, which determination will be final.

Rulemaking Authority 213.06(1), 213.285(7) FS. Law Implemented 213.285 FS. History—New 8-23-99,_____.

12-25.035 Responsibility for Program Training, Certification Procedures, and Program Availability.

(1) For the certified audit program, the Department may:

(a) Develop the instructional curriculum and materials for the certified audit program; and

(b) Deliver this curriculum in a training context.

~~(1) Subject to the Department's supervision and approval, the Florida Institute of Certified Public Accounts (FICPA) shall:~~

~~(a) Develop the instructional curriculum and materials for the certified audit program;~~

~~(b) Deliver this curriculum in a training context;~~

~~(c) Test qualified practitioners and practitioners who have participated in such training; and,~~

~~(d) Administer the training and testing process.~~

(2) Subject to the Department's supervision and approval, the Florida Institute of Certified Public Accounts (FICPA) shall:

(a) Oversee registration of eligible training participants for the certified audit program; and

(b) Test eligible training participants who have participated in such training.

(c) Subject to the Department's supervision and approval, the FICPA may also develop the instructional curriculum and materials for the certified audit program and deliver this curriculum in a training context.

~~(2) The Department will approve the training, including instructional curriculum and materials, and testing administered and provided by the FICPA, if the FICPA meets all the conditions contained in the contract which must be established by both parties pursuant to Section 213.285(1), F.S., and Section 4 of Chapter 98-95, Laws of Florida.~~

(3) through (4) No change.

(5) Continuing professional education is required for practitioners and qualified practitioners as part of the training required pursuant to the directives in Section 213.285(1)(a), F.S., ~~and Section 4 of Chapter 98-95, L.O.F.~~ These laws require the training to be developed and delivered by the FICPA and approved by the Department pursuant to the contract signed by the Department and the FICPA. ~~The Department shall approve the continuing professional education program if it meets all the criteria established in the contract.~~

(a) Practitioners must complete a continuing professional education program which will not exceed eight hours every two years.

(b) A qualified practitioner must complete a continuing professional education program which will not exceed sixteen hours every two years.

(6) through (8) renumbered (5) through (7) No change.

Rulemaking Authority 213.06(1), 213.285(7) FS. Law Implemented 213.285 FS. History—New 8-23-99, _____.

12-25.037 Applying for Participation in the Program.

(1) The following public use form is employed by the Department of Revenue in its dealings with the public, and is hereby incorporated in this rule by reference. Copies of this form are available, without cost, by one or more of the following methods: 1) writing the Florida Department of Revenue, Taxpayer Services, Mail Stop 3-2000, 5050 West Tennessee Street, Tallahassee, Florida 32399-0112; or, 2) visiting any local Department of Revenue Service Center to personally obtain a copy; or, 3) calling the Forms Request Line during regular office hours at (850)488-6800; or, 4) downloading selected forms from the Department's website at www.floridarevenue.com/forms. Persons with hearing or speech impairments may call the

Florida Relay Service at 1(800)955-8770 (Voice) and 1(800)955-8771 (TTY). When a qualified practitioner has a client who agrees to participate in the program, the qualified practitioner must complete a Request to Participate in the Certified Audit program (form DR-342000), which includes a Power of Attorney and Declaration of Representative (form DR-835, incorporated by reference in Rule 12-6.0015, F.A.C.), and submit the Request to Participate, including any required supporting information to the Department.

| Form Number | Title | Effective Date |
|-------------|---|-------------------|
| DR-342000 | Request to Participate in the Certified Audit Program (N. 8/99) <u>(http://www.flrules.org/Gateway/reference.asp?No=Ref-</u>) | <u>XX/XX</u> 8/99 |

(2) No change.

~~(3) As a condition of acceptance in the Certified Audit program, a taxpayer will have to sign a statement declaring that he or she agrees to pay the audit assessment within 60 days of:~~

~~(a) The date the audit has been agreed to; or~~

~~(b) The date the taxpayer's protest and appeal rights have expired.~~

~~However, if the Certified Audit results in the taxpayer entering into a stipulated payment agreement, interest would accrue from the date to which the stipulated payment agreement is mutually agreed. If payment has not been received within the 60 days stipulated, and a stipulated payment agreement has not been entered into, interest will accrue back to the date of the Notice of Proposed Assessment, and continue to accrue through the date of payment in full.~~

(4) renumbered (3) No change.

(4) ~~(5)~~ A qualified practitioner may submit a written request to the Department for a 15-day extension of the 30-day time period discussed in subsection (3) ~~(4)~~ of this rule. The Department will not accept more than two consecutive written requests for a 15-day extension for the same

Request To Participate.

(6)(a) renumbered (5)(a) No change.

(b) Denying the Request to Participate, unless the provisions of subsection (3) ~~(4)~~ apply.

(7) through (9) renumbered (6) through (8) No change.

Rulemaking Authority 213.06(1), 213.285(7) FS. Law Implemented 213.285 FS. History—New 8-23-99,_____.

12-25.047 Development of Agreed Upon Procedures.

~~(1)(a) Certified Audits conducted pursuant to the authority of Section 213.285, F.S., are attestation engagements that are conducted under Statements on Standards for Attestation Engagements #4. — Agreed Upon Procedures, which are adopted and incorporated by reference.~~

~~(b)~~ Subsequent to the Department's approval of the Request to Participate, and prior to the qualified practitioner submitting the Audit Plan, the qualified practitioner will perform required planning work. The planning work performed will include:

1. through 5. redesignated (a) through (e) No change.

~~(f)6.~~ The Form DR-15 Sales and Use Tax Return, incorporated in Rule 12A-1.097, F.A.C., download-print-out from the Department's audit software;

~~(g)7.~~ Performance of and reporting on steps AP.001 through AP.300 of the Standard Audit Program Form DR-344000, Certified Audit Standard Audit Program, effective XX/XX (http://www.flrules.org/Gateway/reference.asp?No=Ref-_____), which ~~is~~ are adopted and hereby incorporated by reference.

8. redesignated (h) No change.

a. through g. renumbered 1. through 7. No change.

9. through 10. redesignated (i) through (j) No change.

(2) through (5) No change.

Rulemaking Authority 213.06(1), 213.285(7) FS. Law Implemented 213.285 FS. History–New
8-23-99,_____.

12-25.048 Submission of the Certified Audit Report.

The qualified practitioner will submit the certified audit report and required attachments to the
Department for review and approval.

~~(1) The certified audit report must meet all the requirements established by Statements on
Standards for Attestation Engagements #4.~~

(2) through (5) Renumbered (1) through (4) No change.

Rulemaking Authority 213.06(1), 213.285(7) FS. Law Implemented 213.285 FS. History–New
8-23-99,_____.



Certified Audit Program Independence Issues

The Department of Revenue submitted 21 hypothetical client relationship scenarios to the Florida Board of Accountancy (the Board). These hypothetical scenarios attempt to represent the more common types of relationships that CPAs have with clients relating to Florida Sales and Use Tax. The Board has ruled on each of the hypothetical scenarios as indicated.

Professional standards require that a CPA must be independent to perform Agreed-Upon Procedures. The following rulings are intended to be used as a guide pursuant to the requirements of proposed rule 12-25.033(2) Eligibility and Qualifications for the Certified Audit Program which read, "To be eligible to provide a certified audit service to a taxpayer, the qualified audit firm must be independent with respect to that taxpayer, pursuant to the guidelines established by the Florida Board of Accountancy Advisory opinions issued on certified audit independence questions.

The Department will determine if the circumstances and facts of the particular situation are materially the same as situations for which guidelines were previously issued. If the facts and circumstances are unique or if the qualified audit firm believes there are differences between their situation(s) and the situation(s) previously addressed by the Board that were the basis for the Department to deny participation, then the qualified audit firm can request an Advisory Opinion or a Declaratory Statement from the Board on the particular situation. The Department shall be guided by the Board's response to that request."

Situation #1

A CPA prepares Florida sales and use tax returns for a client from 1993 to the present. The CPA prepares the returns based on numbers provided by the client. The CPA only evaluates the numbers for "reasonableness" and, accordingly, does not take responsibility for their accuracy. The CPA signs the returns as preparer.

In 1998, the CPA successfully completes the certification program. The CPA is retained by the subject client to perform a certified audit for the tax period January 1, 1993 to December 31, 1997. Performing the certified audit requires the CPA to review the prepared returns for compliance with Florida Sales and Use Tax laws and rules. The CPA then makes an assertion on the completion of agreed upon procedures and the results.

Conclusion: Independence is not impaired.

Situation #2

The same as #1, except the CPA does not sign the return.

Conclusion: Independence is not impaired.

Situation #3

The same as #1, except the CPA performs sufficient review to provide assurance the numbers are materially accurate.

Conclusion: Independence is impaired.

Situation #4(A)

The CPA provides ongoing compilation and corporate tax return services for a client. In 1994, the client requests, in writing, an interpretation on the taxability of certain sales transactions under Florida sales and use tax laws. The relevant tax law is subject to several different interpretations.

The CPA advises in writing that the subject transactions are exempt from Florida Sales Tax.

In 1998, the CPA successfully completes the certification program. The CPA is retained by the subject client to perform a certified audit for the tax period January 1, 1993 to December 31, 1997.

Performing the certified audit requires the CPA to review returns that were prepared by the client based on the CPA's interpretation of sales and use tax laws for compliance with Florida sales and use tax laws. The CPA will then make an assertion on the completion of agreed upon procedures and the results.

Conclusion: Independence is not impaired.

Situation #4(B)

The same as 4(a), except the CPA advises the client orally.

Conclusion: Independence is not impaired.

Situation #5

The same as #4, except the CPA response is based on a Department Technical Assistance Advisement (TAA).

A TAA is provided by the Department upon the request of a taxpayer or taxpayer representative. A TAA states the Department opinion on a specific set of facts. A TAA is binding on the Department for that taxpayer within that specific set of facts.

Conclusion: Independence is not impaired.

Situation #6

The same as #5 except the CPA response is based on a Department Letter of Technical Advisement (LTA).

An LTA is non-binding on the Department.

Conclusion: Independence is not impaired.

Situation #7

The same as #4, except the request is for an interpretation of taxability of certain sales transactions under the sales and use tax laws of states other than Florida.

Conclusion: Independence is not impaired.

Situation #8

The same as #4, except the request is for an interpretation of the taxability of one specific transaction under Florida sales and use tax.

The CPA performs the certified audit on all transactions except the subject transaction. The CPA fully discloses the facts regarding that single transaction and its tax treatment in the report. The Department then determines the taxability of that specific transaction.

Conclusion: Independence is not impaired.

Situation #9

The CPA performs a management consulting service for a client. The service is to design an accounting system. The accounting system generates the numbers that the client uses to prepare

their Florida sales and use tax returns.

In 1998, the CPA successfully completes the certification program. The CPA is retained by the subject client to perform a certified audit for the tax period January 1, 1993 to December 31, 1997. Performing the certified audit requires the CPA to review returns that were based on numbers generated by the accounting system for compliance with Florida sales and use tax laws. The CPA then makes an assertion on the completion of the agreed upon procedures and the results.

Conclusion: Independence is not impaired.

Situation #10

The CPA performs an Internal Accounting Control review engagement for a client. The engagement is to render an opinion on the adequacy of the internal accounting controls for the accounting system. The accounting system generates the numbers that the client uses to prepare their Florida sales and use tax returns.

In 1998, the CPA successfully completes the certification program. The CPA is retained by the subject client to perform a certified audit for the tax period January 1, 1993 to December 31, 1997. Performing the certified audit requires the CPA to review returns that were based on numbers generated by the accounting system for compliance with Florida Sales Tax laws. The CPA will then make an assertion on the completion of agreed upon procedures and the results.

Conclusion: Independence is not impaired.

Situation #11

The CPA reviews the accounting system as part of a financial statement audit. The accounting system generates numbers that are used by the client to prepare their Florida sales and use tax returns. A recommendation for an improvement to the accounting system is made in the Management Letter Comments that is part of the audit report.

Conclusion: Independence is not impaired.

Situation #12

The CPA participates as a contract auditor for the FDOR under section 213.28, Florida Statutes, and Rule 12-25, F.A.C. The CPA uses the training and experience obtained as a contract auditor to provide a Florida sales and use tax self-audit service to a client. The client engages the CPA to use the Department audit procedures and training to review tax returns for the period 1993 to 1997. The CPA determines the subject returns are correct.

In 1998, the CPA successfully completes the certification program. The CPA is retained by the subject client to perform a certified audit for the tax period January 1, 1993 to December 31, 1997.

Performing the certified audit requires the CPA to review returns that were previously reviewed in the self audit for compliance with Florida sales and use tax laws. The CPA will then make an assertion on the completion of agreed upon procedures and the results.

Conclusion: Independence is not impaired.

Situation #13

The same as #12, except the CPA determines there is a material tax liability in the reviewed returns. The CPA reports this to the client. The client elects not to amend the subject returns.

Conclusion: Independence is not impaired.

Situation #14

In 1998, the CPA successfully completes the certification program. The CPA has a client that is interested in participating, but first asks the CPA to perform a pre-certified review. The CPA does, without Department involvement, and provides the results to the client. Based on the results provided by the CPA, the client elects to participate.

The CPA is retained by the subject client to perform a certified audit for the subject tax period. Performing the certified audit requires the CPA to review the returns that were previously reviewed in the pre-certified review.

Conclusion: Independence is not impaired.

Situation #15

The CPA provides financial statement attestation services for a client for 1993 to 1997. The sales and use tax expense and related transactions are material to the financial statements.

In 1998, the CPA successfully completes the certification program. The CPA is retained by the subject client to perform a certified audit for the tax period January 1, 1993 to December 31, 1997.

Performing the certified audit requires the CPA to review returns that, if determined to include significant errors, could materially impact the 1993 to 1997 financial statements for compliance with Florida sales and use tax laws. The CPA then makes an assertion on the completion of agreed upon procedures and the results.

Conclusion: Independence is not impaired.

Situation #16

The same situation as #15, but the sales and use tax expense and related transactions are immaterial to the financial statements.

Conclusion: Independence is not impaired.

Situation #17

The CPA prepares Federal tax returns for a client for 1993 to 1997. The CPA does not provide any other services to the client.

In 1998, the CPA successfully completes the certification program. The CPA is retained by the subject client to perform a certified audit for the tax period January 1, 1993 to December 31, 1997. The CPA then makes an assertion on the completion of agreed upon procedures and the results.

Conclusion: Independence is not impaired.

Situation #18

The CPA performs a valuation of stocks service for a client in 1995. The CPA does not provide any other services to the client.

In 1998, the CPA successfully completes the certification program. The CPA is retained by the subject client to perform a certified audit for the tax period January 1, 1993 to December 31, 1997.

The CPA then makes an assertion on the completion of agreed upon procedures and the results.

Conclusion: Independence is not impaired.

Situation #19

The CPA provides an expert testimony service for a client in 1995. The expert testimony involves sales and use tax issues.

In 1998, the CPA successfully completes the certification program. The CPA is retained by the subject client to perform a certified audit for the tax period January 1, 1993 to December 31, 1997. The CPA then makes an assertion on the completion of agreed upon procedures and the results.

Conclusion: Independence is not impaired.

Situation #20

Same as #19, except the expert testimony does not involve sales and use tax issues.

Conclusion: Independence is not impaired.

Situation #21

The CPA has a proprietary interest in a client. The services the CPA provides do not violate professional standards.

In 1998, the CPA successfully completes the certification program. The CPA is retained by the subject client to perform a certified audit for the tax period January 1, 1993 to December 31, 1997. The CPA then makes an assertion on the completion of agreed upon procedures and the results.

Conclusion: Independence is impaired.



Certified Audit Standard Audit Program

DR-344000
Effective XX/X
Rule 12-25.047, F.A.C.
Page 1 of 16

The audit guidelines described in the Certified Audit Standard Audit Program (CASAP) are part of the Information that, along with results of planning work performed and taxpayer profile information, will be the starting point for development of the Agreed Upon Procedures for the subject Certified Audit.

- AP.010 Index
- AP.100 Taxpayer Information
- Pre-Audit Analysis
 - AP.200 Pre-Audit Analysis
 - AP.201 Audit Entrance Interview
 - AP.202 Understanding Operations and Accounting System
 - AP.203 Client's Records
 - AP.204 Analysis of Client's Sales and Use Tax Returns
 - AP.210 Assess Control Risk
 - AP.211 Determine Availability of Records
- Analysis of Sales/Revenue Accounts
 - AP.220 Analysis of Revenue Accounts
 - AP.221 Analysis of Revenue Accounts for Rent, Lease, or License to Use Real Property
 - AP.222 Analysis of Revenue Accounts for Rent, Lease, or License to Use Tangible Personal Property
 - AP.223 Analysis of Revenue Accounts for the Sale of Assets
 - AP.224 Analysis of Revenue Accounts for Vending Machines
 - AP.225 Analysis of Revenue Accounts for Fees
 - AP.226 Analysis of Revenue Accounts for Services
 - AP.227 Analysis of Revenue Accounts for Miscellaneous Revenue
- Analysis of Expense Accounts
 - AP.241 Analysis of Expense Accounts for Purchases
 - AP.242 Analysis of Expense Accounts for Rent, Lease, or License to Use Real Property
 - AP.243 Analysis of Expense Accounts for Rent, Lease, or License to Use Tangible Personal Property
 - AP.244 Analysis of Expense Accounts for Fees
 - AP.245 Analysis of Expense Accounts for Services
- Audit Completion
 - AP.300 Complete Proposed Agreed Upon Procedures
 - AP.301 Compliance Testing
 - AP.310 Performance of Agreed Upon Procedures
- AP.500 Specific Industries
 - AP.510 Industry Specific Program
- AP.600 Exit Interview
- AP.700 Certified Audit Report
 - AP.701 Required Attachments from the FMT Program
 - AP.702 Completed, Signed and Dated, Agreed Upon Procedures
 - AP.703 Audit Result Information
- AP.710 Audit Workpapers

AP.100 Taxpayer Information

Taxpayer social information to be used in the preparation of the Request to Participate (RTP).

Pre-Audit Analysis

AP.200 Pre-Audit Analysis

Objective: Gather information used to identify audit scope.

| | | |
|----------|--|-------|
| AP.200.1 | Review internet for client website. | _____ |
| AP.200.2 | Review technical pronouncements referred to in Standard Industry Guide | _____ |
| AP.200.3 | Search Tax Law Library and inquire of Certified Audit Staff for any additional references which may be applicable. | _____ |

Comments:

AP.201 Audit Entrance Interview

| | | |
|----------|-------------------------|-------|
| AP.201.1 | Provide Taxpayer Rights | _____ |
| AP.201.2 | Tour Facilities | _____ |

Comments:

AP.202 Understanding Operations

Objective: To gain an understanding of the operations, the following questions are relevant. If Yes, Provide relevant explanations in the comments section.

| | | |
|-----------|--|-------|
| AP.202.1 | Does the client sell tangible personal property, rent tangible personal property and/or real property? | _____ |
| AP.202.2 | Does the client perform any services? | _____ |
| AP.202.3 | Are there cash sales? | _____ |
| AP.202.4 | Are there credit sales? | _____ |
| AP.202.5 | Are sales made to out-of-state buyers? | _____ |
| AP.202.6 | Is there a source of other income? | _____ |
| AP.202.7 | Are all purchases paid for by check? | _____ |
| AP.202.8 | Are there merchandise, goods, or services that are paid for which are not invoiced? | _____ |
| AP.202.9 | Does the client fabricate tangible personal property for themselves or for others? | _____ |
| AP.202.10 | What is the allowable purchase amount for petty cash? | _____ |

Comments (Narrative of Operation):

AP.203 Client's Records

AP.203.1 General

What software applications are used? _____

Electronic records? _____

Are records Adequate but Voluminous as defined in Rule 12-3.0012(3) and (4),
F.A.C.? If so, describe sampling methods and techniques being proposed in the

comment

section below.

AP.203.2 Federal Tax Returns

Does your client file a consolidated return? _____

Did they claim bad debts on their returns? _____

Do they claim rental income or rental expense? _____

Are they parent or subsidiary to others? _____

AP.203.3 Sales and Use Tax Returns

Who is responsible for preparing the SUT returns? _____

Where/how is supporting documentation filed? _____

Is the client a member of a consolidated group? _____

Who is responsible for the filing of the returns: parent or sub-locations? _____

Does the client file a consolidated SUT return? _____

Comments:

AP.204 Analysis of the Client's Sales and Use Tax Returns

AP.204.1 Follow a sample of SUT returns through the accounting process. Walk through the entire accounting process from the source documents (e.g., invoices) through to the sales and use tax return. _____

AP.204.2 Is sales and use tax being recorded to a separate account?
Is use tax being accrued? _____
Is there a separate account for accrued use tax? _____

AP.204.3 How is the sales tax due transferred to the return?
From source documents? _____
From summary documents? _____
From sales reports? _____
From general ledger accounts? _____

AP.204.4 Does the client take line six credits for:
Bad debt? _____
Returned merchandise? _____
Repossessions? _____

AP.204.5 Does the client's business require reporting at an effective tax collection rate? Flat rate? _____

AP.204.6 Does sales tax due versus sales tax collected equal each other? _____

AP.204.7 Does the client's business consist of any items not required to be reported; e.g., gasoline sales? _____

AP.204.8 Does the client report on the accrual or cash basis? _____

Comments:

AP.210 Assess Control Risk

AP.210.1a Has there been any turnover of personnel in key positions? _____

AP.210.1b Are new employees provided correct sales tax-related training? _____

AP.210.1c Are records kept in a secure area? _____

Comments:

Sales Related Controls

AP.210.1d Are sales documents (e.g., invoice, sales slip, cash registered tape, etc.) readily available? _____

AP.210.1e Are source documents numbered sequentially or otherwise? _____

AP.210.1f How are sales recorded?
To a sales journal _____
On cash register tapes _____
Daily sales reports _____
Invoices _____
Other _____

AP.210.1g Is sales tax recorded in a "sales tax accrual" or "sales tax payable" account? _____

AP.210.1h Does the client have exempt sales? _____
How are exempt sales identified, documented, and recorded? _____
Are employees properly trained to identify and document these types of sales? _____
Can exempt sales be extracted from the computer system? _____

AP.210.1i How are the payments that are received recorded? _____
Is there cash received that is not recorded? _____

Comments:

Purchase Related Controls

- AP.210.1j Are the purchase documents readily available; e.g., invoice, bills of lading, receiving documents, purchase orders, purchase requisitions, payment vouchers, check register, etc.? _____
Are source documents numbered sequentially or otherwise? _____
How are they filed? _____
Are key areas clearly identified; e.g., the vendor, ship to address, mode of shipment, FOB point, etc.? _____
- AP.210.1k How are purchases recorded? _____
To a purchase journal _____
Check register _____
Depreciation schedules _____
Acquisition report _____
Other _____
- AP.210.1l Are there exempt purchases? _____
Are employees properly trained to identify and document these type purchases? _____
Can exempt purchases be extracted from the computer system? _____
- AP.210.1m Is use tax recorded in a "sales tax accrual" or "sales tax payable" account? _____
- AP.210.1n Is the accrued tax marked on the purchase invoices as being accrued? _____
- AP.210.1o Can controls be overridden – how, by whom? _____

Comments:

AP.210.2 Identifying Controls

- AP.210.2a Sales source documents
How are they filed? _____
by month _____
by week _____
by number _____
by customer _____
other? _____

Comments:

- AP.210.2b Exempt sales supporting documents
Does the client have the documentation to support exempt sales? _____
Exemption certificates _____
Resale cards _____
Exportation documents _____
Other _____

AP.210.2c Which of the following documents are included in the client's accounting system?

| | |
|----------------------------|-------|
| Sales Journal | _____ |
| Bank deposit records | _____ |
| Cash reconciliation sheets | _____ |
| Sales tax reconciliation | _____ |
| Sales Tax schedules | _____ |
| Bank deposits | _____ |

Comments:

AP.210.3 Purchases Source Documents
AP.210.3a General expenses:
How are they filed?

| | |
|-----------|-------|
| by month | _____ |
| by week | _____ |
| by number | _____ |
| by vendor | _____ |
| other? | _____ |

AP.210.3b Are they coded for inventory or expense? _____

Comments:

AP.210.3d Which of the following documents are included in the client's accounting system?

| | |
|--|-------|
| Purchases journal | _____ |
| Bank statements and check register | _____ |
| Cash reconciliation sheets | _____ |
| Use tax reconciliation | _____ |
| Use Tax schedules | _____ |
| "Sales tax accrual" or "Sales tax payable" account | _____ |

Comments:

AP.210.3e Fixed Asset Acquisitions

| | |
|---|-------|
| Does the client have the supporting invoices? | _____ |
| How and where filed are they filed? | _____ |
| At what amount are they capitalized? | _____ |

Comments:

AP.210.3f Which of the following documents are included in the client's accounting system?

| | |
|--|-------|
| Fixed asset schedule – additions/deletion schedule | _____ |
| Depreciation schedules | _____ |
| Acquisition records | _____ |

Capital and operating lease agreements _____

Comments:

AP.210.4 Rental agreements for Tangible Personal Property, Real Property, or Both
Determine if the lease is for TPP, RP or both? _____
If TPP, is it capital lease or operating? _____
Are there leasehold improvements? _____

Comments:

AP.210.5 Job cost records (for fabrication for own use)
How are they filed? _____
direct or indirect labor costs: calculations available _____
direct or indirect materials: costs _____

Comments:

AP.211 Determine Availability of Records

AP.211.1 Which of the following records are available?
Bank Statements _____
Subsidiary Ledgers _____
Financial Statements _____
Acquisition reports _____
Depreciation schedules _____
Accounts Receivable and Payable Journals _____
General ledger _____
Invoices _____
Vouchers _____
Purchase Orders _____
Check register _____
Sales reports _____
Shipping and receiving documents _____
Leases – real property and tangible personal property _____
List all other accounting records in comments section.

Comments:

Analysis of Sales/Revenue Accounts

AP.220 Analysis of Revenue Accounts

AP.220.1 Sales
AP.220.1a Admissions
Determine if any of the reported sales result from charges of admissions. _____

Comments:

AP.220.1b Exempt Sales
Are any of the sales untaxed? _____
Statutorily exempt? _____
For resale? _____

Comments:

AP.220.1c Exported Sales
Are exempt sales for export? _____

Comments:

AP.220.1d Exemption Certificates
Are exempt sales supported by Consumer Certificate of Exemption? _____

Comments:

AP.220.2 Tax Reported
AP.220.2a Reported Tax Rate
Is the sales tax reported at a flat rate? _____
Is the sales tax reported at an effective rate? _____

Comments:

AP.220.2b Local Option Taxes
Are sales subject to less than or greater than 6%? _____

Comments:

AP.221 Analysis of Revenue Accounts for Rent, Lease, or License to Use Real Property

The \$5,000.00 limit does not apply to commercial rents as it relates to Discretionary Sales Surtax. The sales tax on the rent, lease, or license of real property becomes due and payable as the tenant makes each rental payment to the landlord.

- AP.221.1 Are any reported sales the result of the rental, leasing or licensing of real property? _____
 Determine if any of the following items are applicable:
- AP221.1a Commercial buildings or realty? _____
 AP221.1b Booths? _____
 AP221.1c Concessions? _____
 AP221.1d Bill Boards? _____
 AP221.1e Lease or license for the placement of phone, amusement machines, vending machine, other? _____
 AP221.1f Submerged land? _____
 AP221.1g Docking, Parking, and Storage? _____

Comments:

- AP.221.2 Do any of the reported sales result from sub-leasing? _____
- AP.221.3a Is tax being pyramided or inverse pyramided? _____
- AP.221.3b In addition to base rent, are there any of the following considerations:
 AP.221.3b1 Percentage of sales? _____
 AP.221.3b2 Arms-length transactions between related entities? _____
 AP.221.3b3 Leasehold improvements? _____
 AP.221.3b4 Management fees? _____
 AP.221.3b5 Insurance protecting the landlord? _____
 AP.221.3b6 Ad Valorem taxes paid on owner's behalf? _____
 AP.221.3b7 Are there any other considerations required to be paid for the right to occupy; e.g., Common Area Maintenance, mark-ups for utilities, repairs, waste collection, security services, and other pass-throughs? _____

Comments:

AP.222 Analysis of Revenue Accounts for Rent, Lease, or License to use Tangible Personal Property

- AP.222.1 Do any of the reported sales result from the following:
 AP.222.1a Tangible personal property in general? _____
 AP.222.1b Vending machines or amusement machines? _____
 AP.222.1c Trucks weighing in excess of 10,000 lbs.? _____
 AP.222.1d Equipment as bare rental? _____
 AP.222.1e Equipment with operator? _____

AP.222.1f Bill boards and signs? _____

AP.222.2 In addition to base rent, are there any of the following additional considerations: _____

AP.222.2a Tangible Personal Property taxes paid on owner's behalf? _____

AP.222.2b Any other considerations required to be paid for the right to use; e.g., insurance, repairs, etc.? _____

Comments:

AP.223 Analysis of Revenue Accounts for the Sale of Assets

AP.223.1 Do any of the sales result from the sale of assets? _____

AP.223.2 Are the sales isolated or occasional? _____

AP.223.3 Are the sales due to sale of motor vehicles? _____

AP.223.4 Are the sales due to the sale of business? _____

Comments:

AP.224 Analysis of Revenue Accounts for Vending Machines

AP.224.1 Are any sales made through vending machines? _____

AP.224.2 Terms of the Agreement _____

Is the agreement for a license to use real property? _____

Is the agreement for a license to use tangible personal property? _____

AP.224.3 Operators and Owners _____

Is the lessee the operator of the machine? _____

Is the lessor the operator of the machine? _____

Comments:

AP.225 Analysis of Revenue Accounts for Fees

AP.225.1 Do any of the sales result from any of the following fees? _____

AP.225.1a Admissions? _____

AP.225.1b Greens fees? _____

AP.225.1c Participation fees? _____

AP.225.1d Management fees? _____

AP.225.1e Late fees? _____

AP.225.1f Handling fees? _____

AP.225.1g Restocking fees? _____

AP.225.1h Delivery fees? _____

AP.225.1i Service fees? _____

AP.225.1j Notary Fees _____
AP.225.1k License fees? _____

Comments:

AP.226 Analysis of Revenue Accounts for Services

AP.226.1 Do any of the sales result from the following sales of taxable services:
AP.226.1a Protective services? _____
AP.226.1b Non-residential pest control services? _____
AP.226.1c Non-residential cleaning services? _____

Comments:

AP.227 Analysis of Miscellaneous Revenue

AP.227.1 Are any of the sales generated from any of the following:
AP.227.1a Commissions? _____
AP.227.1b Barter Transactions? _____
AP.227.1c Sales to Employees? Other miscellaneous income? _____

Comments:

Analysis of Expense Accounts

AP.241 Analysis of Expense Accounts for Purchases

AP.241.1 Do any of the exempt purchases result from any of the following:
AP.241.1a Promotional items? _____
AP.241.1b Giveaways? _____
AP.241.1c Advertising? Direct Mail? _____
AP.241.1d Packaging? _____
AP.241.1e Administrative costs? _____
AP.241.1f Office Supplies? _____
AP.241.1h Management fees paid? _____
AP.241.1i Shop Supplies? _____
AP.241.1j Consumable or expendable items? _____
AP.241.1k Items from inventory for own use and not resold? _____
AP.241.1l In-house fabrication for own use – cost price? _____
AP.241.1m In-house printing? _____
AP.241.1n Imported items for use – no tax paid to the vendor? _____
AP.241.1o Third party drop shipments? _____
AP.241.1p Employee benefits? _____
AP.241.1q Awards? _____
AP.241.1r Uniforms? _____

| | | |
|------------|--|-------|
| AP.241.1s | Purchases of materials and supplies made by a contractor for use in real property improvement contracts? | _____ |
| AP.241.1t | Purchases made from out of state unregistered vendors? | _____ |
| AP.241.1u | Items taken out of "tax-free" inventory for own use? | _____ |
| AP.241.1v | Shop fabrication for own use? | _____ |
| AP.241.1w | Job-site fabrication for own use? | _____ |
| AP.241.1x | Repairs and Maintenance- | _____ |
| AP.241.1y | Vehicle upkeep? | _____ |
| AP.241.1z | Real property repair or tangible personal property repair? | _____ |
| AP.241.1aa | Service warranties? | _____ |
| AP.241.1bb | Vehicles? | _____ |
| AP.241.1cc | Equipment? | _____ |
| AP.241.1dd | Components of real property? | _____ |
| AP.241.1ee | Landscape (interior and exterior) and lawn maintenance? | _____ |

Comments:

AP.242 Analysis of Expense Accounts for Rent, Lease, or License to Use Real Property

| | | |
|-----------|---|-------|
| AP.242.1 | Are there any payments for the rent, lease or license of any of the following: | |
| AP.242.1a | Commercial buildings or realty? | _____ |
| AP.242.1b | Booths? | _____ |
| AP.242.1c | Concession stands? | _____ |
| AP.242.1d | Bill boards or the land on which it is located? | _____ |
| AP.242.1e | Lease or license for the placement of phone, amusement machines, vending machines, other? | _____ |
| AP.242.1f | Submerged land? | _____ |
| AP.242.1g | Docking, Parking, and Storage? | _____ |

Comments:

| | | |
|-----------|---|-------|
| AP.242.2 | In addition to base rent, are any of the following considerations given: | |
| AP.242.2a | Percentage of sales? | _____ |
| AP.242.2b | Arms-length transactions between related entities? | _____ |
| AP.242.2c | Leasehold improvements? | _____ |
| AP.242.2d | Insurance protecting the landlord? | _____ |
| AP.242.2e | Management fees? | _____ |
| AP.242.2f | Allocated lease of unimproved real property and payments thereof at other than fair market value? | _____ |
| AP.242.2g | Ad Valorem taxes paid on owner's behalf? | _____ |
| AP.242.2h | Any other considerations required to be paid for the right to occupy; e.g., Common Area Maintenance, mark-ups for utilities, repairs, waste collection, security services, and other pass-throughs? | _____ |

Comments:

AP.243 Analysis of Expense Accounts for Rent, Lease, or License to Use Tangible Personal Property

AP.243.1 Are any of the purchases for the rent, lease or license of the following:

AP.243.1a Tangible personal property in general? _____

AP.243.1b Vending machines or amusement machines? _____

AP.243.1c Trucks weighing in excess of 10,000 lbs.? _____

AP.243.1d Equipment as bare rental? _____

AP.243.1e Equipment with operator? _____

AP.243.1f Signs? _____

Comments:

AP.243.2 In addition to base rent, are there any additional considerations, such as:

AP.243.2a Ad Valorem taxes paid on owner's behalf? _____

AP.243.2b Any other considerations required to be paid for the right to use; e.g., insurance, repairs, etc.? _____

Comments:

AP.244 Analysis of Expense Accounts for Fees

AP.244.1 Are there any purchases for any of the following fees:

AP.244.1a Admissions? _____

AP.244.1b Greens fees? _____

AP.244.1c Participation fees? _____

AP.244.1d Management fees? _____

AP.244.1e Late fees? _____

AP.244.1f Handling fees? _____

AP.244.1g Restocking fees? _____

AP.244.1h Delivery fees? _____

AP.244.1i Service fees? _____

AP.244.1j Notary fees? _____

AP.244.1k License fees? _____

Comments:

AP.245 Analysis of Expense Account for Services

AP.245.1 Are there any purchases for any of the following services:

AP.245.1a Protective services? _____

AP.245.1b Non-residential pest control services? _____

AP.245.1c Non-residential cleaning services? _____

Comments:

Audit Completion

AP.300 Complete Proposed Agreed Upon Procedures

Objective: All identified audit risks will be addressed by specific audit procedures in the proposed agreed upon procedures.

Comments: The proposed agreed upon procedures are developed from the planning steps, the taxpayer's exposure issues and profile, any applicable standard industry guides, and any other procedures the specified user may request.

AP.300.1 Prepare the proposed agreed upon procedures documentation.

The documentation required with the audit plan includes:

1. A written reconciliation of the Florida sales reported on the taxpayer's federal income tax returns to Florida sales reported on the taxpayer's Florida sales and use tax returns;
2. Identification and documentation of all revenue sources;
3. A comprehensive written narrative of the taxpayer's operations;
4. A current chart of accounts and the year-to-date general ledger activity for the last year in the audit period;
5. Copies of the Federal income tax returns for the audit period;
6. Performance of and reporting on steps AP.001 through AP .300 of the Standard Audit Program.
8. Identification and disclosure of any known tax issues where the tax returns subject to the certified audit reflect an interpretation of applicable Florida Statutes and rules that is different from an interpretation presented in a previously published:
 - a. Technical Assistance Advisement;
 - b. Attorney General Opinion;
 - c. Declaratory Statement;
 - d. Tax Information Publication;
 - e. Training Update Bulletin;
 - f. Internal Technical Advisement; or,
 - g. General Tax Administration Bulletin.

AP.300.2 Submit the Audit Plan to the Certified Audit Section of the Florida Department of Revenue

AP.310 Performance of Agreed Upon Procedures

Objective: This procedure provides steps used for conducting the audit in the four broad categories which are reviewed in every sales and use tax audit: sales; purchases; commercial rental; and, return/filing issues. Any adjustments are detailed in workpapers produced in the FMT formats, are summarized in the explanation of items by general categories, and become the basis for review of the audit results with the client.

- AP.310.1 Sales
- AP.310.1a Unreported sales. Prepare schedules of unreported sales.
Apply the correct tax rate to calculate tax due.
- AP.310.1b Missing invoices. Prepare schedules of missing invoices.
Apply the correct tax rate to calculate tax due.
- AP.310.1c Undocumented exempt sales. Prepare schedules of undocumented exempt sales.
Apply the correct tax rate to calculate tax due.

AP.310.1d Any other sales issues. Any other exceptions relating to sales scheduled.

Comments:

- AP.310.2 Purchases
- AP.310.2a Untaxed purchases. Prepare schedules of all untaxed purchases, or purchase for which the taxpayer is unable to document that tax was paid, by month. Apply the correct tax rate to calculate tax due.
- AP.310.2b Untaxed Fixed Assets. Prepare schedules of all incorrectly untaxed fixed assets. Apply the correct tax rate to calculate tax due.
- AP.310.2c Missing invoices. Prepare schedules of missing invoices. Apply the correct tax rate to calculate tax due.
- AP.310.2d Any other purchases issues. Any other exceptions relating to purchases scheduled.

Comments:

- AP.310.3 Commercial Rentals, includes rent, lease, or license to use real property.
- AP.310.3a Untaxed rentals. Prepare schedules of all untaxed rentals. Apply the correct tax rate to calculate tax due.
- AP.310.3b Untaxed components of rentals. Prepare schedules of all untaxed components of rentals, by component. Apply the correct tax rate to calculate tax due.

Comments:

- AP.310.4 Tax Return
- AP.310.4a Tax Collected vs. Tax Remitted. Verify that these two Amounts are equal. If not, verify and prepare a detailed schedule of discrepancies.

AP.600 Exit Interview

- AP.600.1 Date of meeting _____
- AP.600.2 Persons in attendance _____
- AP.600.3 Explain Audit results _____
- AP.600.3a Schedules _____
- AP.600.3b Issues _____
- AP.600.3c Explanation of Items _____
- AP.600.3d Notice of Proposed assessment _____
- AP.600.3e Agree/Disagree _____
- AP.600.3f Payment _____
- AP.600.3g Appeals Process _____

AP.700 Certified Audit Report

Objective: The qualified practitioner will submit the certified audit report and required attachments to the Department for review and approval. The certified audit report must meet all the requirements established by Statements on Standards for Attestation Engagements #10 and amendments to Statements on Standards for Attestation Engagements #10.

Required attachments to the certified audit report include a schedule listing any adjustments made to the subject tax accounts. The schedule will reflect the detail for any adjustments made, including the following schedules from the WINFMT Program

AP.701 Required Attachments from the FMT Program

- AP.701.1 Explanation of items.
- AP.701.2 Additional tax due per exhibit
- AP.701.3 Summary of Exhibits
- AP.701.4 Tax, penalty, and interest
- AP.701.5 Summary Total
- AP.701.6 CD of WINFMT audit

AP.702 Completed, Signed and Dated, Agreed Upon Procedures

AP.703 Audit Result Information

- AP.703.1 Total Payments made to date. _____
- AP.703.2 Is your client in agreement with the audit findings?
If no attach a detailed explanation of the issues in dispute. _____
- AP.703.3 Name of the Schedule from the WINFMT program and amount of any tax
which was collected and not remitted. _____

AP.710 Audit Workpapers

The audit workpapers should be sufficient to support the results of the individual agreed upon procedures and the results of the audit.



Request to Participate in the Certified Audit Program

| | |
|---|--------------------|
| 1. Taxpayer Name: | |
| 2. Telephone No.: | 3. FAX No.: |
| 4. Taxpayer Mailing Address: Street or PO Box: City: _____ State: _____ ZIP: _____ | |
| 5. Taxpayer Business Address: Street or PO Box: City: _____ State: _____ ZIP: _____ | |
| 6. Taxpayer Federal Employer Identification Number (FEIN): | |
| 7. Organization Type: (Check the appropriate box) | |
| <input type="checkbox"/> Corporation <input type="checkbox"/> Partnership <input type="checkbox"/> Sole Proprietorship <input type="checkbox"/> Trust <input type="checkbox"/> S Corporation <input type="checkbox"/> Professional Association <input type="checkbox"/> Other (Specify) _____ | |
| 8. North American Industry Classification Code (NAICS Code): | |
| 9. Gross Receipts: (Provide the taxpayer's gross receipts for the last fiscal year of the proposed audit period.) | |
| Year End: | Gross Receipts: \$ |

10. List all business names and registration numbers that were assigned and/or used by the taxpayer to report and remit sales and use tax within the last three (3) years of the proposed audit period.

| Business Name | Sales Tax Certificate Number |
|---------------|------------------------------|
| | |
| | |
| | |

| | |
|---|-----------------------|
| 11. CPA Firm Name: | |
| 12. CPA Firm Florida Practice Unit CPA Certificate Number: | |
| 13. CPA Firm FEIN: | |
| 14. CPA Firm Mailing Address: Street or PO Box: City: _____ State: _____ ZIP: _____ | |
| 15. CPA Firm Telephone No.: | 16. CPA Firm FAX No.: |
| 17. CPA Firm Email Address: | |

18. Provide the names and certification numbers of all CPA staff members who will be involved in the certified audit. Also, provide the names of all non-CPA staff members who will be involved in the certified audit.

| Name | CPA Certification Number | Department of Revenue Certification Number | Role on Engagement |
|------|--------------------------|--|--------------------|
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |

19. Is this request to participate in the Certified Audit Program so a refund can be requested using a sampling method to establish the refund amount?
 Yes No If yes, attach Forms DR-26S and DR-370060 along with the information required by the forms.

20. Provide the tax and audit period to be included in the certified audit. The tax and audit period are subject to approval by the Department of Revenue.

| | |
|------|---------------|
| Tax: | Audit Period: |
|------|---------------|

21. Attach a comprehensive, detailed list of all services your firm has provided the taxpayer.

22. Attach a copy of your firm’s most recent *System Review (On-Site Peer Review)*. Rule 12-25.033, F.A.C., states in part...“the qualified audit firm must have received a timely on-site peer (system) review dated prior to the date of the Request to Participate and must have received an “Unqualified (Unmodified) Opinion” on such on-site peer (system) review.”

23. Provide the following information for each tax listed.

| Florida Tax | Business Name | Identification Number | Dates Returns Filed |
|------------------------|---------------|-----------------------|---------------------|
| Communication Services | | | |
| Corporate Income | | | |
| Documentary Stamp | | | |
| Gross Receipts | | | |
| Insurance Premium | | | |
| Motor Fuel | | | |
| Reemployment | | | |

Complete the following questions in sections 23a. through 23g. below for any taxes in which the taxpayer does not file a return. (Check the Yes or No box next to each question.)

23a. Communications Services Tax (Chapter 202, F.S., Florida Communications Services Tax Return, Form DR-700016):

Yes No

- Does the entity sell long distance or toll telephone services (not coin operated) that originate and terminate in Florida, or originate or terminate in Florida and are billed to a service address in Florida?
- Does the entity sell video services?
- Does the entity sell pay-per-view movies?
- Does the entity sell direct-to-home satellite services?
- Does the entity sell mobile communications services?
- Does the entity sell pager, beeper, or cell phone services?
- Does the entity sell FAX services that are **not** provided in the course of professional or advertising services?
- Does the entity sell telex, telegram, or teletype services?
 If yes, please specify. _____
- Does the entity use a private communications system?
 If yes, please specify. _____
- Has the entity purchased, installed, rented, or leased for his or her own use, a substitute communications system?
 If yes, please specify. _____

Yes No

Does the entity sell bundled communication services?
If yes, what services are bundled? _____

Has the entity made retail purchases of taxable communications services from a seller outside the state?
If yes, they must report and remit communications services tax, **unless** the seller is registered as a dealer in this state and collects the taxes.

23b. Corporate Income Tax (Chapter 220, F.S., Florida Corporate Income/Franchise Tax Return, Form F-1120):

Yes No

Is your entity incorporated?

If you answered yes, are you a Florida corporation?
If no, under which state are you incorporated? _____

If your entity is incorporated, has it elected to be taxed as an S Corporation
(Sections 1361 - 1379 of the Internal Revenue Code)?

Is your company a member of a joint venture, syndicate or a partnership doing business in Florida?
If yes, list separately the name(s) and FEI number(s) of any other corporate partner(s). _____

Does the entity maintain a place of business, whether owned or rented, factory, retail store, sales office or inventory in Florida?
If yes, please specify. _____

Does the entity perform any service, conduct seminars, or provide consulting services for intangible assets, within the state?

Since you are registered to collect Florida sales and use tax, please provide an explanation of why you are a non-filer for corporate income tax.

23c. Documentary Stamp Tax (Chapter 201, F.S., Refer to Rule 12B-4.003, F.A.C., for appropriate form):

Yes No

Does the entity loan customers money and have them sign a document stating the specific amount that they owe?

Does the entity provide financing for customers and have them sign a written financial agreement?

Does the entity engage in sales finalized by written agreements that do not require recording by the clerk of the court?

Does the entity have 5 (five) or more of these sales per month?

Does the entity engage in selling real property in the state of Florida under an agreement or contract for deed?

If yes, are these contracts recorded at the courthouse?

Is the entity a lessor of tangible property in the state of Florida where the lessee fully owns the tangible property at the end of the lease?

Is the entity a lessor of tangible property using a written agreement containing an unconditional obligation to pay money?

23d. Gross Receipts Tax (Chapter 203, F.S., Gross Receipts Tax Return DR-133):

Yes No

- Do you sell, deliver or transport electricity and/or natural or manufactured gas (except liquefied petroleum (L.P.) gas) in Florida?
- Do you own or operate an electric, a natural or a manufactured gas distribution facility in Florida that transmits, delivers, or sells electricity and/or natural or manufactured gas?
- Are you a natural gas transmission company that is subject to the jurisdiction of the Federal Energy Regulatory Commission?
- Do you import utility services into Florida for your own use?
- Do you provide the wholesale sale of electric transmission services?
- Are you eligible for an exemption under the industrial classifications listed in Section 212.08(7)(ff)2., F.S., for use as an energy source or a raw material?
- Do you use natural gas in the production of oil or gas or consume natural or manufacturing gas while transporting natural or manufactured gas services?

23e. Insurance Premium Tax (Chapter 624, F.S., Insurance Premium Taxes and Fees Return, Form DR-908):

Yes No

- Is the entity a surplus lines agent writing surplus lines property insurance?
- Does the entity write insurance policies or contracts covering property, subjects, or risks located, resident, or to be performed in Florida, excluding warranty premiums?
- Does the entity have receipts on annuity policies or contracts paid by holders in Florida?
- Is the entity licensed to write insurance policies?
- Is the entity a Risk Retention Group domiciled in Florida and registered with the Florida Office of Insurance Regulation?
- Is the entity a commercial, group pooling, or medical malpractice self insurer?
- Is the entity an assessable mutual insurer?
- Is the entity a fraternal benefit society?
- Is the entity a Joint Underwriting Association?
- Is the entity an industrial captive insurer?
- Is the entity a legal domicile of the State of Florida?

23f. Motor Fuel Tax (Chapter 206, F.S., Refer to Rule 12B-5.150, F.A.C., for appropriate form):

Yes No

- Does the entity sell motor fuel, diesel fuel or aviation fuel in Florida at wholesale?
- Does the entity sell motor fuel, diesel fuel or aviation fuel in Florida at retail?
- Does the entity operate any delivery vehicles carrying fuel for sale or as delivery for others?
- Does the entity purchase or use any fuels for highway purposes on which Florida's highway tax has not been paid to the supplier?
- Does the entity sell or import any motor oils or solvent fuels into Florida?
If yes, list product types. _____

Yes No

Does the entity buy fuel in bulk quantities for his/her own use? If yes, what types of fuel?
Check all that apply. Gasoline Undyed Diesel Dyed Diesel Other _____

23g. **Reemployment Tax (Section 443.1215, F.S., Chapter 73B-10, F.A.C., Form RT-6):**

Yes No

Is your entity incorporated?
 Do you have any employees?
 Have you paid \$1,500 in wages in a calendar quarter?
 Have you employed 1 or more persons for any portion of a day in 20 different weeks during the calendar year?
 Are you liable for Federal Unemployment Tax (FUTA) because of employment in another state for the current or preceding year?

Are any corporate officers performing services?
 Are dividends paid to an employee of a subchapter S Corporation?
 Are you a governmental entity?
 Are you a nonprofit who has a 501(c)(3) exemption and have 4 or more workers for 20 different weeks in a calendar year?
 Are you an agricultural employer who has paid cash wages of \$10,000 or more in a calendar quarter or has had five or more employees for 20 different weeks in a calendar year?
 Have you acquired a business that was liable for reemployment tax?

24. Attach a list of any outstanding liens, warrants, or *Notices of Tax Action* filed against the taxpayer for any tax type by the Florida Department of Revenue.

25. Attach a *Power of Attorney* (Form DR-835) for the qualified practitioner.

Applicant Signature: (The application cannot be processed unless signed by the taxpayer and the qualified practitioner.)

I declare that I have read the foregoing application and the facts stated in it are true.

| | | |
|----------------------------------|---|-------|
| _____ | _____ | _____ |
| Taxpayer Signature | Print Taxpayer Name and Title | Date |
| _____ | _____ | _____ |
| Qualified Practitioner Signature | Print Qualified Practitioner Name and Title | Date |

Please mail the completed application to the following address:

Program Manager
Florida Department of Revenue
Certified Audit
PO Box 5139
Tallahassee, FL 32314-5139

If the request is approved, the Department will provide the following:

- A confirmation letter to the CPA firm
- A DR-15 download (SUT filing history) for use in planning work
- A 30-day window to submit *Proposed Agreed Upon Procedures* tailored to the client
- An electronic copy of the *Standard Audit Program*
- An electronic copy of the shell *Proposed Agreed Upon Procedures*

If you have any questions or need assistance in completing your application, please call the Certified Audit Program Office at (850) 617-8578.

References

*The following documents were mentioned in this form and is incorporated by reference in the rules indicated below.
The forms are available online at floridarevenue.com/forms.*

| | | |
|----------------|---|-------------------------|
| Form DR-133 | Gross Receipts Tax Return | Rule 12B-6.005, F.A.C. |
| Form DR-26S | Application for Refund – Sales and Use Tax | Rule 12-26.008, F.A.C. |
| Form DR-700016 | Communications Services Tax Return | Rule 12A-19.100, F.A.C. |
| Form DR-835 | Power of Attorney | Rule 12-6.0015, F.A.C. |
| Form DR-908 | Insurance Premium Taxes and Fees Return | Rule 12B-8.003, F.A.C. |
| Form F-1120 | Florida Corporate Income/Franchise Tax Return | Rule 12C-1.051, F.A.C. |
| Form RT-6 | Employer’s Quarterly Report | Rule 73B-10.037, F.A.C. |