

TIP 00A01-14  
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## **CHANGES TO ELECTRICITY AND STEAM EXEMPTION FOR MANUFACTURERS**

### **Registration with the WAGES Program Business Registry Is No Longer Required**

Effective July 1, 2000, the 2000 Legislature has eliminated the WAGES Program Business Registry ("WAGES"). Registration with that program will no longer be required for those manufacturing businesses claiming an exemption from sales and use tax on charges for electricity or steam made after that date.

- \* A business claiming a refund of sales tax on charges made by its electric utility or steam provider prior to July 1, 2000, may not receive a refund for sales tax paid on charges made prior to the date the business registered with WAGES.
- \* A business claiming a refund of sales tax paid to its electric utility or steam provider on charges made on or after July 1, 2000, may receive a refund regardless of whether that business was registered with WAGES prior to that date.
- \* Any business that is claiming the exemption from sales tax on purchases of electricity or steam must submit written certification to its electricity or steam provider that it is entitled to the exemption. The certification relieves the seller from the responsibility of collecting tax on exempt charges. The Department will look solely to the purchaser for recovery of the tax if the purchaser is not entitled to the exemption. A suggested format for the certificate is attached. Businesses that have submitted a written certification prior to July 1, 2000, are not required to provide an additional certification form solely because of the elimination of WAGES. Electricity and steam

providers may rely on those previously submitted certification forms.

**Cigar Manufacturers Eligible for Exemption on  
Electricity and Steam Purchased July 1, 1998,  
through June 30, 1999**

Effective July 1, 1996, a sales tax exemption on charges for electricity used at fixed locations to manufacture tangible personal property for sale was enacted. The exemption was available to all manufacturers with SIC codes included in Major Industry Group Number 21 (tobacco products). As of July 1, 1998, the exemption was amended to include steam energy and to remove Major Industry Group Number 21 from the list of qualifying SIC activities. SIC Industry Group Number 212 (cigar production) was restored to the list as of July 1, 1999. "SIC" means those classifications contained in the Standard Industrial Classification Manual, 1987, as published by the Office of Management and Budget, Executive Office of the President. From July 1, 1998, through June 30, 1999, therefore, electricity and steam charges incurred by cigar manufacturers were not exempt.

The 2000 Florida Legislature provided that qualified cigar manufacturers that treated electricity and steam charges as exempt during the period July 1, 1998 through June 30, 1999, will not be required to pay tax, interest, or penalty on such charges during that period. Cigar manufacturers that remitted sales or use taxes on electricity and steam charges during that 12-month period may be entitled to refunds.

In addition to the SIC classification restrictions, the following statutory provisions governed the exemption during the period from July 1998 through June 1999:

- \* Manufacturing plants that used at least 75 percent of the total plant usage of electricity or steam to operate qualifying machinery and equipment received a 100 percent exemption for all charges to the plant.
- \* Manufacturing plants that used at least 50 percent but less than 75 percent of the total plant usage of electricity or steam to operate qualifying machinery and equipment

received a 50 percent exemption for all charges to the plant.

- \* Manufacturing plants that used less than 50 percent of the total plant usage of electricity or steam to operate qualifying machinery and equipment were not entitled to any exemption.
- \* Because the exemption is subject to a phase-in limitation, from July 1, 1998, through June 30, 1999, only 60 percent of the qualifying charges for electricity or steam were exempt.
- \* For periods prior to July 1, 2000, a taxpayer was required to be registered with WAGES. In the event an otherwise qualified taxpayer failed to register with WAGES, the exemption did not apply. No refunds will be allowed for electricity or steam charges made prior to July 1, 2000, unless the taxpayer was registered with WAGES at the time the charges were made.
- \* The electricity or steam must have been consumed at a fixed location to operate machinery and equipment used to manufacture, process, compound, produce, or prepare for shipment items of tangible personal property for sale, or to operate pollution control equipment, recycling equipment, maintenance equipment, or monitoring or control equipment used in such operations.

The exemption also applies to discretionary sales surtaxes (local option taxes).

Cigar manufacturers who are entitled to a refund of taxes paid on electricity charges billed from July 1, 1998 through June 30, 1999, may obtain the refund through one of the following methods:

1. Those who paid sales taxes to their electricity or steam provider may request the refund from that provider. A suggested form of PURCHASER'S EXEMPTION CERTIFICATE CHARGES FOR ELECTRICITY OR STEAM USED TO MANUFACTURE CIGARS FROM JULY 1, 1998, THROUGH JUNE 30, 1999 is attached for this purpose. (The suggested form should be revised, if necessary, to claim exemption for only part of the 12-month period if a manufacturer registered with WAGES subsequent to July 1, 1998.)

2. Those who paid sales taxes to their electricity or steam provider may obtain an assignment from the provider of the right to refund of such taxes and apply directly to the Department of Revenue on Form DR-26. Form DR-26 may be obtained by following the directions provided below.

3. Those who self-accrued taxes on charges for electricity or steam may take a credit for such taxes against current sales and use tax liabilities or may apply to the Department of Revenue for a refund, using Form DR-26.

Claims for refunds for taxes paid on electricity or steam charges billed during the period July 1, 1998, through June 30, 1999, are subject to statutory time limitations. Cigar manufacturers must file applications with the Department within 60 months of payment of the taxes to the Department if the taxes were remitted to the Department before July 1, 1999. If the taxes were remitted to the Department on or after July 1, 1999, the application must be submitted within 36 months.

### **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.

Information and forms are available on our Internet site at <http://sun6.dms.state.fl.us/dor/>

To receive forms by mail:

- \* Order multiple copies of forms from our Internet site at <http://sun6.dms.state.fl.us/dor/forms/order>, or
- \* Fax your form request to the DOR Distribution Center at 850-922-2208, or
- \* Call the DOR Distribution Center at 850-488-8422, or
- \* Mail your form request to:

DISTRIBUTION CENTER, FLORIDA DEPARTMENT OF REVENUE, 168A  
BLOUNTSTOWN HWY, TALLAHASSEE FL 32304-3702

To receive a fax copy of a form, call 850-922-3676 from your FAX machine telephone.

To speak with a Department of Revenue representative, call Taxpayer Services, Monday through Friday, 8 a.m. to 7 p.m., ET, at 1-800-352-3671 (in Florida only) or 850-488-6800.

For a written response to your questions, write:

TAX INFORMATION SERVICES, FLORIDA DEPARTMENT OF REVENUE,  
1379 BLOUNTSTOWN HWY, TALLAHASSEE FL 32304-2716

Hearing or speech impaired persons may call the TDD line at 1-800-367-8331 or 850-922-1115.

Department of Revenue service centers host educational seminars about Florida's taxes. For a schedule of upcoming seminars,

- \* visit us online at <http://sun6.dms.state.fl.us/dor/>,
- or
- \* call the service center nearest you.

References:

Ch. 2000-355 L.O.F.

S. 212.08(7)(ii), F.S.

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**SUGGESTED PURCHASER'S EXEMPTION CERTIFICATE  
ELECTRICITY OR STEAM USED TO MANUFACTURE ITEMS  
FOR SALE FOR USE ON OR AFTER JULY 1, 2000**

\_\_\_\_\_ (Purchaser's Name) certifies that the electricity or steam purchased on or after \_\_\_\_\_ under the following account number(s) is exempt from sales tax, because such electricity or steam will be used at a fixed location to operate machinery and equipment that is used to manufacture, process, compound, produce, or prepare for shipment items of tangible personal property for sale, or to operate pollution control equipment, recycling equipment, maintenance equipment, or monitoring or control equipment used

in such operations.

\_\_\_\_\_ (Purchaser's Name) further certifies that: a) its four-digit SIC Industry Number is listed below, and this number is classified under SIC Industry Major Group Number 10, 12, 13, 14, 20, 22, 23, 24, 25, 26, 27, 28, 29, 30, 31, 32, 33, 34, 35, 36, 37, 38, or 39, or under Industry Group Number 212 as contained in the Standard Industrial Classification Manual, 1987, as published by the Office of Management and Budget, Executive Office of the President; and, b) 75% or more of the electricity or steam used at a fixed location is used to operate machinery and equipment as described above, and the location qualifies for the a 100% exemption, or c) more than 50% but less than 75% of the electricity or steam used at a fixed location is used to operate machinery and equipment as described above, and the location qualifies for a 50% exemption.

SIC INDUSTRY NUMBER \_\_\_\_\_

Address of Exempt Location(s)	Utility or Steam Account numbers	Amount of Exemption Claimed (Circle One)
_____	_____	100% / 50%
_____	_____	100% / 50%
_____	_____	100% / 50%

The undersigned understands that if such purchases of electricity or steam do not qualify for exemption, the undersigned will be subject to sales and use tax, interest, and penalties. Purchaser further understands that when any person shall fraudulently, for the purpose of evading tax, issue to a vendor or to any agent of the state a certificate or statement in writing in which he or she claims exemption from the sales tax, such person, in addition to being liable for payment of the tax plus a mandatory penalty of 200% of the tax, shall be liable for fine and punishment provided by law for conviction of a misdemeanor of the second degree, as provided in s. 775.082, s. 775.083, or s. 775.084.







Department of Labor and Employment Security,

WAGES Program Business Registry: \_\_\_\_\_

**Submit this certificate to your electricity or steam provider.**

**DO NOT send it to the Department of Revenue.**