

Florida Department of Revenue
Tax Information Publication

TIP 00B06-01

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Beginning July 1, 2000, Prepaid Calling Arrangements are Exempt from Gross Receipts Tax and Subject to a New Sales Tax Rate

Gross Receipts Tax

Effective July 1, 2000, prepaid calling arrangements are exempt from gross receipts tax. "Prepaid calling arrangements" include prepaid phone cards and any other advance payment for communication services that consist exclusively of telephone calls originated by using an access number, authorization code, or other means that may be manually, electronically, or otherwise entered and that are sold in predetermined units or dollars.

Gross receipts tax is still required to be paid by the telecommunications provider on prepaid calling arrangements sold prior to July 1, 2000, until the value of the prepayment has been used.

Sales Tax and Discretionary Sales Surtax

Also effective July 1, 2000, sales tax at the rate of 6 percent and discretionary sales surtax (county tax) applies to the retail sale of prepaid calling arrangements. The selling dealer is responsible for collecting and remitting the sales tax plus any applicable discretionary sales surtax to the Department of Revenue when he or she makes a retail sale of prepaid calling arrangements. Retail sales transactions for "prepaid calling arrangements" should be reported in the same way as other sales or rentals, beginning with the July 2000 sales tax return.

Prior to this change, sales of prepaid phone cards were taxable at a rate of 7 percent, but they were not subject to any discretionary sales surtax. The 7 percent rate remains in effect through June 30, 2000, and should be collected and

remitted to the Department.

The purchases of prepaid calling arrangements for resale are subject to the same requirements as any other purchases of tangible personal property for resale.

Prepaid calling arrangements sold through a vending machine are also subject to Florida sales tax at the rate of 6 percent plus any applicable discretionary sales surtax. To calculate the tax, the dealer would use the following table:

Sales/Surtax Rate	Divisor for Prepaid Calling Arrangements
6.0%	1.0659
6.5%	1.0707
6.75%	1.0727
7.0%	1.0749
7.5%	1.0791

Total receipts should be divided by the appropriate divisor to compute gross taxable sales. The gross taxable sales should then be subtracted from the total receipts to determine the amount of tax due. See the instructions in your sales tax coupon booklet.

To register to collect sales tax, an Application to Collect Tax in Florida (Form DR-1) is available, without cost, by:

- 1) downloading the form from the Department's Web site:
<http://sun6.dms.state.fl.us/dor/>; or,
- 2) using a fax machine telephone handset to call the Department's automated Fax On Demand system at 850-922-3676; or,
- 3) visiting any local Department of Revenue Service Center;
or,
- 4) calling the Forms Request Line between the hours 8:00 a.m. -7:00 p.m. ET, at 1-800-352-3671 (in Florida only) or 850-488-6800.

Persons with hearing or speech impairments may call the Department's TDD at 1-800-367-8331.

To receive a sales tax number the same day you apply, visit any local Department of Revenue Service Center.

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 more information call Tax Information Services, Monday - Friday, 8:00 a.m. to 7:00 p.m., ET, at 1-800-352-3671 (in Florida only) or 850-488-6800.

Hearing or speech impaired persons should call our TDD at 1-800-367-8331 or 850-922-1115.

For a detailed written response to your questions, write the Florida Department of Revenue, Tax Information Services, 1379 Blountstown Highway, Tallahassee, FL 32304.

For forms and other information, visit our Web site at <http://sun6.dms.state.fl.us/dor/>.

Get tax forms quickly by FAX ON DEMAND. Call 850-922-3676, twenty-four hours a day, seven days a week, using your fax machine handset and follow the instructions.

References:

Ch. 00-260, L.O.F.

Section 203.01(3)(4), F.S.