

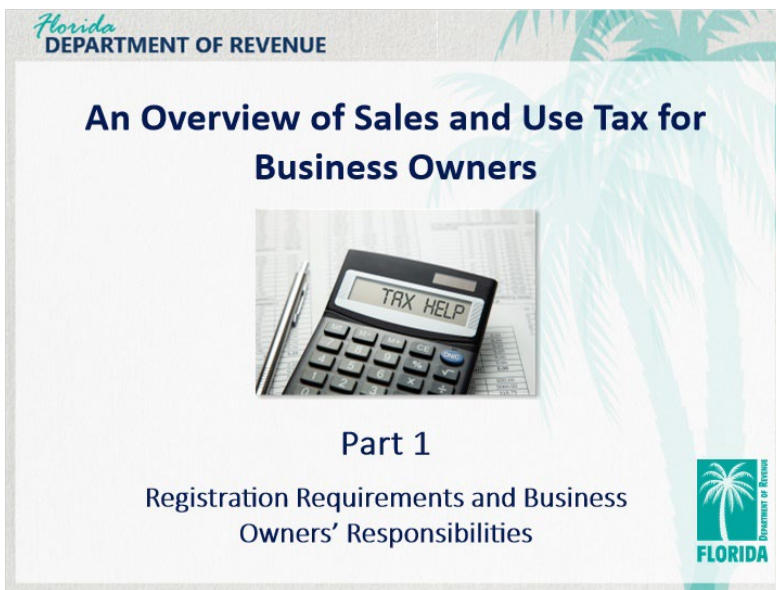
## **Print PDF: *An Overview of Sales and Use Tax for Business Owners***

### ***Part 1: Registration Requirements and Business Owners'***

### ***Responsibilities***

## **1. Introduction**

### **1.1 Welcome**



#### **Script:**

Welcome to *An Overview of Sales and Use Tax for Business Owners: Registration Requirements and Business Owners' Responsibilities*.

In this tutorial, we discuss the registration requirements for a new business in Florida and the responsibilities of business owners concerning the collection and remittance of sales and use tax.

## 1.2 Navigation

The screenshot shows a tutorial interface with a teal header bar on the right that says "Navigating This Tutorial". On the left, there are four sections:

- Transcript Tab:** A light blue box with the text: "A transcript of the audio is available by clicking on the **Transcript** tab in the top-left corner of your screen."
- Menu Tab:** A dark blue box with a menu icon (three horizontal lines) and the text: "The Menu tab displays by default when the tutorial is viewed on a computer. It allows you to navigate through the tutorial by clicking the topic name on the menu. When viewing this tutorial on a tablet or smartphone, the menu does not display by default and must be accessed using the menu symbol."
- Resources Tab:** A light blue box with the text: "The Resources tab is found to the right side of the top bar. When clicked, it displays a list of links to useful forms, documents, and webpages."
- Previous and Next Buttons:** A light blue box with icons for "PREV" and "NEXT" and the text: "Previous and Next buttons are located at the bottom right corner of your screen. These buttons allow you to move either back or forward."

### Script:

This tutorial will take approximately 15 minutes to complete. A transcript of the audio is available by clicking on the Transcript tab in the top-left corner of your screen. The following tabs and buttons are available to help you navigate through this tutorial.

### Menu Tab

The Menu tab displays by default when the tutorial is viewed on a computer. It allows you to navigate through the tutorial by clicking the topic name on the menu. When viewing this tutorial on a tablet or smartphone, the menu does not display by default and must be accessed using the menu symbol.

### Resources Tab

The Resources tab is found to the right side of the top bar. When clicked, it displays a list of links to useful forms, documents, and webpages.

### Previous and Next Buttons

The Previous and Next buttons are located at the bottom-right corner of your screen. These buttons allow you to move either back or forward.

## 1.3 Topics



### Script:

Topics for this tutorial include:

- Registration Requirements
- Business Owners' Responsibilities

## 2. Registration Requirements

### 2.1 Let's Meet Meredith



#### Script:

In this tutorial, we'll be following Meredith. She's decided to open Meredith's Old-Fashioned Pharmacy. Her business will operate as a fully-functioning pharmacy, with a twist. Customers can enjoy treats such as milkshakes and ice cream sundaes, as well as other frozen novelties while they wait for their prescriptions.

Her business will also sell pint-sized containers of her special homemade ice cream to take home, in addition to other convenience items, like candy and bottled soft drinks at the front counter.

We'll also present scenarios featuring some of the other business owners located in her building.

How are things going, Meredith?

*[Meredith]: Things are going well! I'm quite excited to be starting my very own pharmacy. It's been a dream of mine for a long time.*

That's great to hear. Do you need help with anything?

*[Meredith]: Well, I heard you say this tutorial is going to go over registration and other responsibilities I have as a business owner. It'll be nice to make sure I'm doing everything I should be.*

We can definitely help you with that.

*[Meredith]: Thanks. I would really appreciate it!*

## **2.2 Do I Need to Register?**



### **Script:**

Let's start with registration requirements, as this is a crucial step for most new business owners.

As a new business owner, you must determine if you are required to register to collect sales and use tax.

If you engage in a business activity that is subject to sales and use tax, you must register as a sales and use tax dealer to collect, report, and remit Florida sales and use tax before you begin conducting business in Florida.

*[Meredith]: My colleague who is a pharmacist told me I wouldn't need to register because medicine and medical supplies are tax-exempt.*


Well, that's true, but what about the other items you are going to sell, like your milkshakes and candy at the front counter? These items are taxable. Therefore, you do need to register to collect and remit sales and use tax to Florida.

*[Meredith]: I hadn't thought about it that way. I'm glad you told me.*

*Florida*  
**DEPARTMENT OF REVENUE**

Taxable activity includes, but is not limited to:



- ✓ Selling, leasing, licensing, or renting tangible personal property
- ✓ Leasing, licensing, or renting real property
- ✓ Leasing, licensing, or renting living, sleeping, or housing accommodations
- ✓ Selling detective or burglar protection services, nonresidential cleaning services, or nonresidential pest control services
- ✓ Selling admissions to any place of amusement, sport, or recreation activity
- ✓ Operating amusement machines



Just so you know, taxable business activity includes, but is not limited to:

- Selling, leasing, licensing, or renting tangible personal property such as electronics, motor vehicles, certain food and meals and other goods
- Leasing, licensing, or renting real property
- Leasing, licensing, or renting living, sleeping, or housing accommodations
- Selling detective or burglar protection services, nonresidential cleaning services, or nonresidential pest control services
- Selling admissions to any place of amusement, sport, or recreation activity
- Operating amusement machines

## 2.3 Exemptions

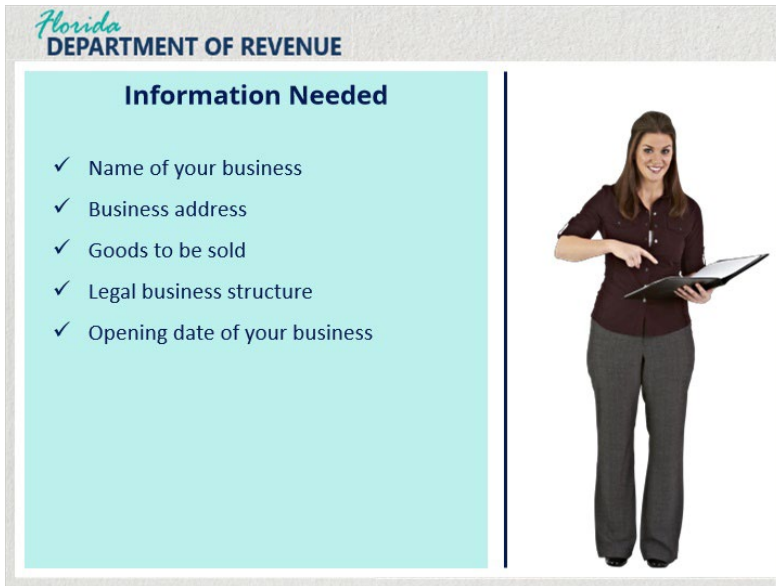
Florida DEPARTMENT OF REVENUE	
Exempt	Taxable
<ul style="list-style-type: none"><li>✓ Medicines</li><li>✓ Grocery food items (taken home and prepared)</li></ul>	<ul style="list-style-type: none"><li>✓ Soaps</li><li>✓ Paper goods</li><li>✓ Cleaning products</li><li>✓ Ice cream (one pint or smaller)</li><li>✓ Candy</li></ul>
	

### Script:

*[Meredith]: What about tax-exempt items?*

In Florida, sales tax is not applied to items that are considered exempt. For example, medicine and most grocery food items that are typically taken home and prepared are tax-exempt. Milk, butter, cereal, and frozen and canned goods are exempt. Other items, such as soaps, paper goods, cleaning products, ice cream sold in pints or smaller containers, and candy are taxable.

## 2.4 Information Needed



The graphic features the Florida Department of Revenue logo at the top left. Below it, a light blue box titled "Information Needed" contains a checklist of five items, each preceded by a checkmark. To the right of this box is a photograph of a woman in a dark red shirt and grey trousers, holding a clipboard and pointing at it with her right hand.

**Florida**  
**DEPARTMENT OF REVENUE**

**Information Needed**

- ✓ Name of your business
- ✓ Business address
- ✓ Goods to be sold
- ✓ Legal business structure
- ✓ Opening date of your business

### Script:

To register to collect and remit sales and use tax, you are required to provide the Florida Department of Revenue information pertaining to your business. This includes the name of your business, business address, the goods to be sold, your legal business structure, and the opening date of your business.

Keep in mind that if your opening date changes from when you submitted your *Florida Business Tax Application* (Form DR-1), you must notify the Department.





## 2.5 Knowledge Check #1

**Florida**  
DEPARTMENT OF REVENUE

**Knowledge Check #1**

Which item determines if you need to register to collect and remit sales and use tax?

- ☒ Engaging in a business activity subject to sales and use tax
- ☐ Making a specific amount of money in sales
- ☐ Selling to businesses outside of Florida
- ☐ Setting up your business as a partnership



Correct	Choice
X	Engaging in a business activity subject to sales and use tax
	Making a specific amount of money in sales
	Selling to businesses outside of Florida
	Setting up your business as a partnership

## 2.6 Registration Basics



### Registration for Collecting Sales and Use Tax

- ✓ Register [online](#) on the Department's website
- ✓ Enroll to file and pay electronically
- or -
- ✓ Choose a [paper-based application](#) if you prefer

### Script:

*[Meredith]: Do you mind explaining more about the registration process?*

Sure, I can do that. Before doing any business, you must register to collect sales and use tax by completing a *Florida Business Tax Application* (Form DR-1). You may register online on the Department's website to obtain a *Certificate of Registration* (Form DR-11).

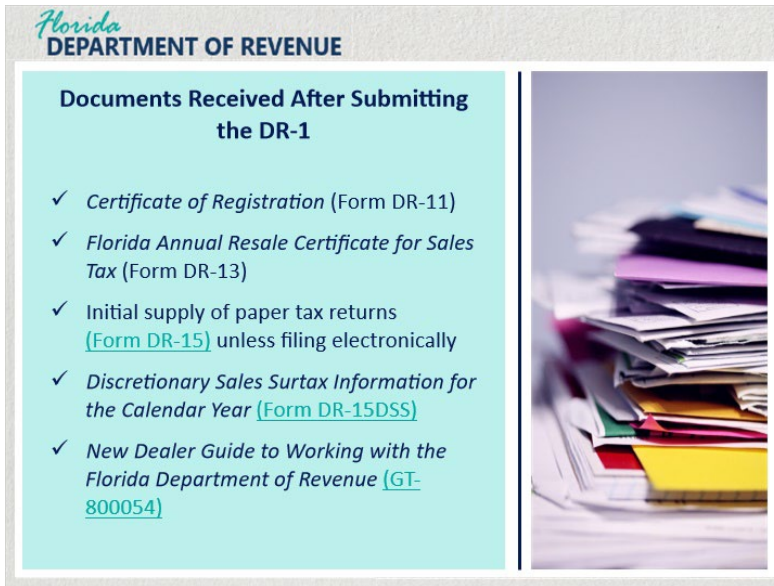
You may enroll to file and pay electronically at the same time or after registering.

You may also choose instead to file a paper Form DR-1. However, you should know that there are several benefits to registering online.

*[Meredith]: I will probably register online since that sounds easier. Do you mind explaining the benefits?*

Of course. Benefits of registering online include the ability to revisit a previously submitted application and your registration certificate number is easy to retrieve.

## 2.7 Documents Received



### Script:

Once your registration is complete, you will receive several documents. The first document will be a *Certificate of Registration* (Form DR-11), which authorizes you to conduct business at the address shown on the certificate.


The certificate contains your business name and location. The certificate must be displayed in a visible place at your business. If your business is conducted at a temporary location such as a flea market, you must have the certificate in your possession.

The second document you will receive is a *Florida Annual Resale Certificate for Sales Tax* (Form DR-13), used for tax-exempt purchases or rentals of property or services you intend to resell or re-rent as part of your business.

You will also receive an initial supply of paper tax returns (Form DR-15) unless filing electronically. Additionally, you will receive a document pertaining to discretionary surtax information (Form DR-15DSS).

Lastly, you will be mailed the *New Dealer Guide to Working with the Florida Department of Revenue* (Form GT-800054).

## 2.8 Scenario #1



### Scenario #1

Daniel is opening a cleaning business at the beginning of the month that will serve both residential and commercial clients. Since he intends to offer a service, Daniel doesn't think he needs to register with the Department to collect, report, and remit sales tax.

A week before he opens his business, he decides to visit the Department's website to ensure he has everything in order. As he reviews the Department's publications, he notices *the Sales and Use Tax on Cleaning Services brochure* ([Form GT-800015](#)). Curious, Daniel reviews it and realizes he does need to collect, report, and remit sales tax as he will be performing nonresidential cleaning services.

Fortunately for Daniel, he was able to quickly register his cleaning business using the Department's online *Florida Business Tax Application* (Form DR-1) and avoid having any tax-related issues.

### Script:

Let's take a look at Daniel and his situation.

Daniel is opening a cleaning business at the beginning of the month that will serve both commercial and residential clients. Since he intends to offer a service, Daniel doesn't think he needs to register with the Department to collect, report, and remit sales tax.

A week before he opens his business, he decides to visit the Department's website to ensure he has everything in order. As he reviews the Department's publications, he notices *the Sales and Use Tax on Cleaning Services brochure* (Form GT-800015). Curious, Daniel reviews it and realizes that he does need to collect, report, and remit sales tax as he will be performing nonresidential cleaning services.

Fortunately for Daniel, he was able to quickly register his cleaning business using the Department's online *Florida Business Tax Application* (Form DR-1) and avoid having any tax-related issues.


## 2.9 Knowledge Check #2

**Florida**  
DEPARTMENT OF REVENUE

**Knowledge Check #2**

Daniel received some documents after he registered to collect and remit sales and use tax. Select all the items that he received.

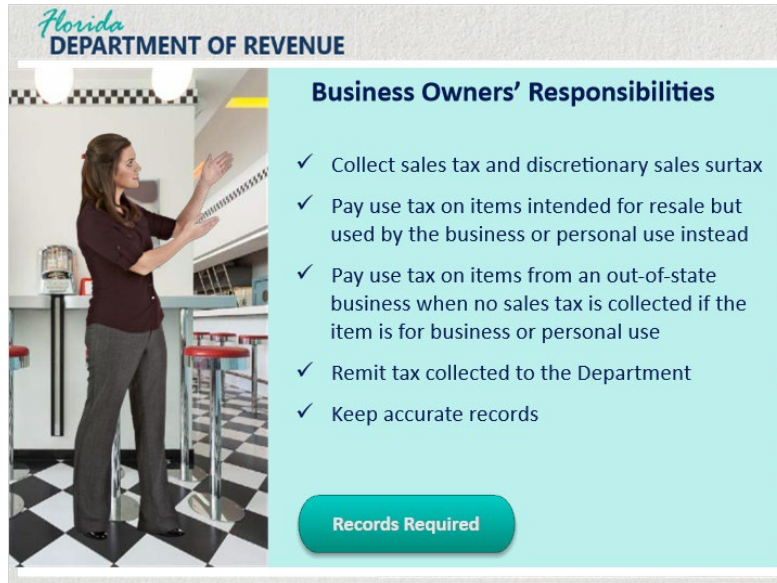
- ☐ Florida Business Tax Application (Form DR-1)
- ☒ Florida Annual Resale Certificate (DR-13)
- ☒ Certificate of Registration (DR-11)
- ☒ Discretionary Surtax Information (Form DR-15DSS)
- ☒ New Dealer Guide to Working with the Florida Department of Revenue (GT800054)



Correct	Choice
	Florida Business Tax Application (Form DR-1)
X	Florida Annual Resale Certificate (DR-13)
X	Certificate of Registration (DR-11)
X	Discretionary Surtax Information (Form DR-15DSS)
X	New Dealer Guide to Working with the Florida Department of Revenue (GT800054)

## 3. Business Owners' Responsibilities

### 3.1 Business Owners' Responsibilities



#### Script:

As a business owner in Florida, you have certain responsibilities you must fulfill in order to do business.

*[Meredith]: Can you explain more about these responsibilities?*

Of course. First, you must collect sales tax and discretionary sales surtax on all taxable items. For example, you would need to collect sales tax on your milkshakes and convenience items such as candy bars and bottles of soda.

*[Meredith]: Discretionary sales surtax, what is that?*

Discretionary sales surtax is tax paid to Florida counties to pay for items such as emergency services and school improvement. This tax is paid in addition to state sales tax. We will discuss this tax further in Part 2 of this series.

Getting back to the topic of business owner responsibilities, you must pay use tax on items originally intended for resale but then used for the business or for personal use instead.

*[Meredith]: I'm a little unclear about what you mean. Can you give me an example?*

I certainly can. For example, if you stocked seasonal candy at the front of the pharmacy and then decided to take home some to your family, you would owe use tax.



You are also required to pay use tax on items purchased for your own use from an out-of-state business if no state sales tax was collected at the time of sale.

For instance, if you bought a freezer in another state and then bring it into Florida, or have it delivered into Florida, and no sales tax was collected when you purchased it, you would owe use tax.

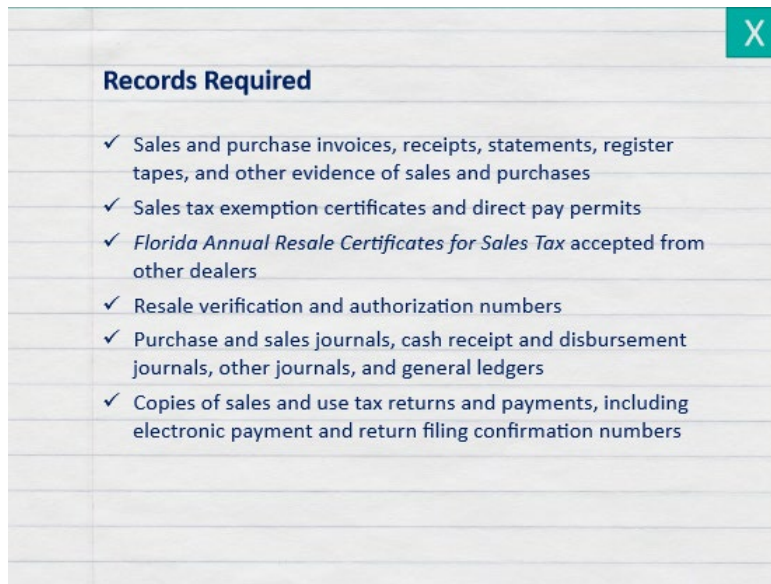
You are also required to remit all sales and use tax collected to the Department. Keep in mind that when you collect tax, that money then belongs to the state of Florida. You serve as a steward of those funds until they are remitted to the Department.

Remember, the State of Florida requires that you keep complete and accurate records for all business transactions and tax collected as well as your tax returns, including proof of payment, and documentation of sales and purchases for at least three years.

*[Meredith]: What other records do I need to keep?*

A comprehensive list of records you will need to retain is available by clicking on the Records Required button on your screen.

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Here is a list of records you are required to maintain.

Documentation includes:

- Sales and purchase invoices, receipts, statements, register tapes, and other evidence of sales and purchases
- Sales tax exemption certificates and direct pay permits

- Florida Annual Resale Certificates for Sales Tax accepted from other dealers
- Resale verification and authorization numbers
- Purchase and sales journals, cash receipt and disbursement journals, other journals, and general ledgers
- Copies of sales and use tax returns and payments, including electronic payment and return filing confirmation numbers.

### **3.2 Scenario #2**

A woman with short grey hair, wearing a light blue t-shirt and tan pants, stands with her arms crossed next to a tall, white, empty metal display stand in a store. The stand has multiple shelves and is positioned in an aisle with other similar stands in the background.

**Scenario #2**

Susan purchased a display stand for her business from an out-of-state dealer and had it shipped to her store. She did not realize that she owed use tax on the display stand because she did not pay any sales tax when she purchased it. Luckily, Susan's accountant noticed the error and helped her to correct it.

**Script:**

Let's learn about Susan and her business.

Susan purchased a display stand for her business from an out-of-state dealer and had it shipped to her store. She did not realize that she owed use tax on the display stand because she did not pay any sales tax when she purchased it. Luckily, Susan's accountant noticed the error and helped her to correct it.




### 3.3 Knowledge Check #3

**Florida**  
DEPARTMENT OF REVENUE

**Knowledge Check #3**

Select all of the following that are responsibilities of business owners in Florida.

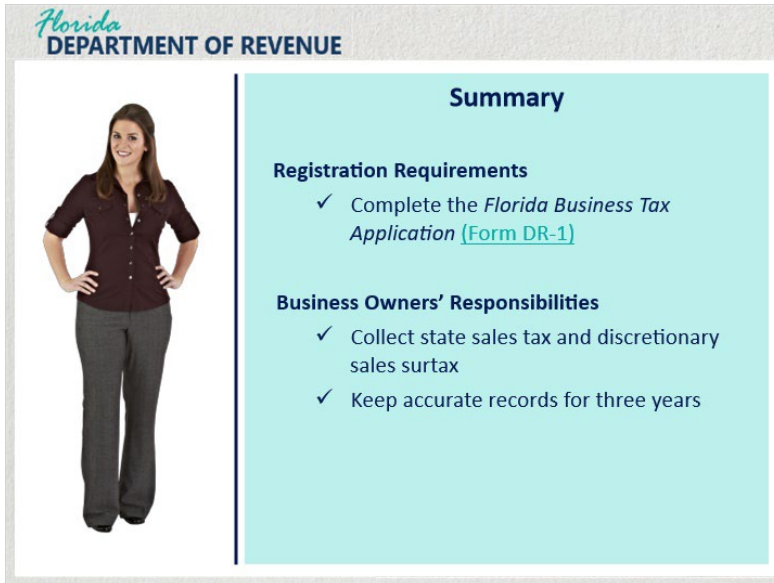
- ☒ Collect sales and discretionary surtax
- ☒ Pay use tax on items from an out-of-state business when no sales tax is collected if the item is for business or personal use
- ☒ Pay use tax on items intended for resale and consumed by the business
- ☒ Remit tax collected to the Department
- ☒ Keep accurate records



Correct	Choice
X	Collect sales and discretionary surtax
X	Pay use tax on items from an out-of-state business when no sales tax is collected if the item is for business or personal use
X	Pay use tax on items intended for resale and consumed by the business
X	Remit tax collected to the Department
X	Keep accurate records

## 4. Conclusion

### 4.1 Summary



The graphic features the Florida Department of Revenue logo at the top left. On the left side, there is a photograph of a woman with long brown hair, wearing a dark purple button-down shirt and grey trousers, standing with her hands on her hips. To the right of the photo is a light blue rectangular box with a dark blue border. Inside this box, the word "Summary" is centered at the top. Below it, the section "Registration Requirements" is followed by a checkmark and the text "Complete the *Florida Business Tax Application* ([Form DR-1](#))". Further down, the section "Business Owners' Responsibilities" is followed by two checkmarks and their respective descriptions: "Collect state sales tax and discretionary sales surtax" and "Keep accurate records for three years".

#### Script:

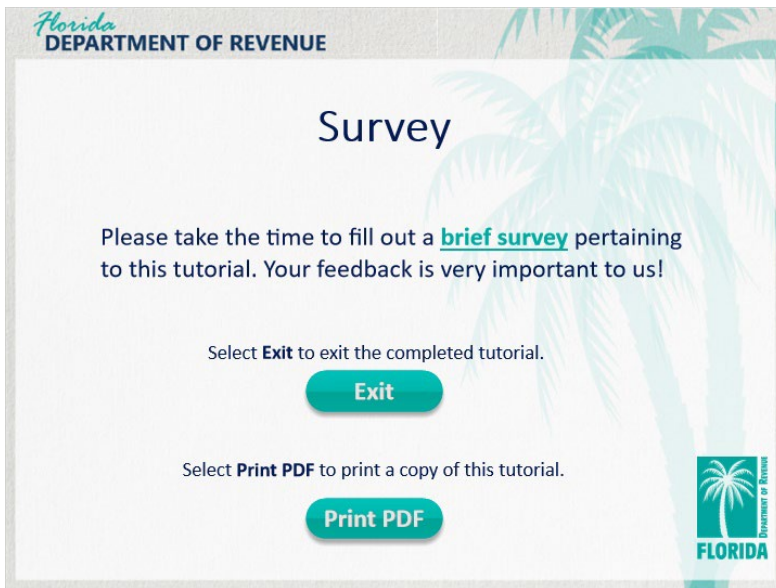
*[Meredith]: You've given me some really great information. I really appreciate it. Let me see if I can do a recap to make sure I've got everything.*

That sounds like a great idea.

*[Meredith]: In this tutorial, we discussed registration requirements for a new business. For instance, you are required to complete a Florida Business Tax Application (Form DR-1) to collect and remit sales and use tax if you engage in any taxable business activity in Florida.*

*We also reviewed business owners' responsibilities for collecting state sales and use tax in Florida. Responsibilities include collecting state sales tax and discretionary sales surtax and keeping accurate records for at least three years.*

## 4.2 Survey



### Script:

This concludes *An Overview of Sales and Use Tax for Business Owners: Registration Requirements and Business Owners' Responsibilities*.

For more information, check out the resources available within this tutorial by clicking on the Resources tab in the upper-right corner of your screen.

In addition, there are several helpful guides and tutorials available on a variety of tax-related topics on the Department's website at [floridarevenue.com](http://floridarevenue.com).

Please take the time to fill out a brief survey pertaining to this tutorial. Your feedback is very important to us.

To exit this tutorial, click on the Exit button.

To print a copy of this tutorial, select the Print PDF button.

Thank you.