

Resale Law Changes Effective February 1, 2000

TIP 99A01-34

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Approximately \$35 million is lost each year due to illegal use of expired or fraudulent resale certificates. This new law is intended to address this problem.

At a Glance

Q. What is changing?

A. DOR will now issue annual resale certificates.

Q. What is the effective date of the change?

A. February 1, 2000.

Q. Will this change affect my sales tax certificate number?

A. No.

Q. How will I receive my new annual resale certificate?

A. It will be included in your coupon book.

Q. When will the new annual resale certificate expire?

A. December 31 of each year.

Q. Will I have to re-apply for my new annual resale certificate each year?

A. No, as long as you are an active dealer.

Q. How often will I have to provide a copy of my annual resale certificate to each of my suppliers?

A. Once a year.

Q. What if I don't have my annual resale certificate with me when I want to buy for resale?

A. You can pay tax **or** the supplier can verify your status by calling DOR.

**Annual Resale Certificate will be issued by
Florida Department of Revenue**

Beginning with the calendar year 2000, the Florida Department of Revenue ("the department") will issue a sales tax Annual Resale Certificate (Form DR-13) to each active registered dealer. The annual resale certificate will be sent by mail to existing dealers in their coupon books and will be provided to new dealers with their certificate of registration.

The new annual resale certificates issued by the department will expire on December 31 of each calendar year. Each year, active dealers will receive a new annual resale certificate by mail, free of charge, before the current one expires. **Do not give out the original; make copies to distribute when you purchase for resale.** The account number on your certificate of registration will not change. That same number will be used each year on your annual resale certificate.

Old Resale Certificates No Longer Valid after January 31, 2000

A dealer must retain all relevant books and records, including the "old" blanket resale certificates, until sales tax may no longer be assessed under the applicable statute of limitations.

Methods for Seller to Document an Exempt Sale for Resale

Selling dealers must document all exempt sales for resale. Dealers making sales for resale may use any of the following options:

Method 1. Dealer can obtain a copy of the annual resale certificate each year from customers.

OR

Method 2. Dealer can obtain an authorization number by phone.

If the purchaser forgets their annual resale certificate, but knows their sales tax number, the selling dealer can obtain a "transaction authorization number" by phone, directly from the department, at the time of the sale to verify that the certificate number presented is active. The toll-free number to

access the system is 877-FLRESALE (877-357-3725), which has multiple lines available. The selling dealer must key in the purchaser's sales tax certificate number using a touch-tone phone. The system will either issue a 13 digit transaction authorization number or will alert the selling dealer that the purchaser does not have a valid resale certificate. A selling dealer must obtain a transaction authorization number for each transaction and cannot rely upon the previous transaction authorization number for subsequent purchases made by the same customer. The selling dealer must document the transaction authorization number on each sales invoice, purchase order, or separate form that is prepared by either the purchaser or the selling dealer. Each sales invoice, purchase order, or separate form must contain the following statement and signature of the purchaser, "The purchaser hereby certifies that the property or services being purchased or rented are for resale."

OR

Method 3. Dealer can obtain one copy of the purchaser's annual resale certificate for certain open-account customers.

If a customer purchases on open account (not cash, check, or promissory note), the selling dealer can obtain a copy of the purchaser's annual resale certificate for the first transaction. The selling dealer may assume the annual resale certificate is valid as long as the dealer continues to sell on an open account on a continual basis to that customer. In this situation, the selling dealer does not need to obtain a new copy of the annual resale certificate each year.

OR

Method 4. Dealer can obtain an authorization number electronically.

The dealer can obtain a "vendor authorization number" by sending a file of regular customer names and numbers who purchase for resale on electronic media to the department each year. The department will issue a "vendor authorization number" for customers whose sales tax number is valid for resale. Once a

vendor authorization number has been issued, it is valid through the end of the calendar year. Information on the electronic method can be obtained from the department's web page, or by calling 850-488-3516.

Other Exemption Certificates Unaffected

The law change highlighted in this document only affects exempt sales for resale and the use of annual resale certificates. It does not affect the use of other exemption certificates or permits such as those used by non-profit and governmental organizations or by new and expanding businesses.

Government Purchases Using a Purchasing Card

Government entities who make purchases with a Purchasing Card (P-Card) do not have to extend a copy of the consumer's certificate of exemption to the selling dealer. The P-Card is sufficient documentation. If you have questions or would like additional information regarding P-Card purchases, please contact the department at 800-352-3671 (Florida only) or 850-488-6800.

Registered Dealers on an Inactive Status

Dealers on an inactive status will not be issued an annual resale certificate. Wholesalers and other inactive dealers will need to contact the department at 800-352-3671 (Florida only) or 850-488-6800 to have their sales tax certificate numbers activated in order to obtain an annual resale certificate.

Dealers who currently report sales tax using a county-control number should use the annual resale certificate issued to the active reporting number(s) to make purchases for resale.

Fraudulent Use of Resale Privilege is a Crime!

Resale fraud:

- * subjects you to a 200% penalty and

- * is a 3rd degree felony.

- * These penalties will apply to any person who uses an Annual Resale Certificate or signs any statement in writing in which he or she claims the resale exemption from sales tax when he or she knows, at the time of purchase or rental, that the property or services being purchased or rented are for a purpose other than for resale.

WHAT TO DO WHEN YOU MAKE AN EXEMPT SALE FOR RESALE

Purchaser DOES bring in annual resale certificate.

Obtain a copy of the annual resale certificate. Have the purchaser fill in your business name and sign in the space provided. Keep this copy on file.

Purchaser DOES NOT bring in annual resale certificate.

Phone toll-free 877-FLRESALE (877-357-3725). Key in the purchaser's sales tax certificate number using a touch-tone phone. The system will either issue a 13 digit transaction authorization number or will alert you that the purchaser does not have a valid resale certificate. Document the transaction authorization number on each sales invoice, purchase order, or separate form that is prepared by either party. The sales document must contain the following statement and signature of the purchaser, "The purchaser hereby certifies that the property or services being purchased or rented are for resale."

PDF Document

For More Information

Tax information and forms are available online at

<http://sun6.dms.state.fl.us/dor/>

For **forms and general information**, call Taxpayer Services, Monday-Friday, 8 a.m. to 5 p.m., ET, at 1-800-352-3671 (in Florida only) or 850-488-6800 and select Information on Taxes or Forms from the option menu.

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

Tax Law Library: This text retrieval system containing Florida tax information is organized by tax and updated quarterly. It is accessible through:

- * the Internet at <http://taxlaw.state.fl.us>

- * a stand alone system located in the lobby of each Department of Revenue Service Center.

Get the forms you need fast by **FAX on Demand!** Call seven days a week, 24 hours a day, at 850-922-3676 from your FAX machine telephone and follow the instructions.

For **detailed written responses** to your questions, write:

Florida Department of Revenue
Tax Information Services
1379 Blountstown Highway
Tallahassee, FL 32304-2716

Seminars Offered

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

- * visit us online at <http://sun6.dms.state.fl.us/dor/>
- or
- * call the service center nearest you for a schedule of upcoming seminars.

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.

References:

Chapter 99-208, L.O.F.
Sections 212.07(1)(b), 212.18(3)(c), 212.085, F.S.