

Florida Communications Services Tax

Florida instituted a Communications Services Tax (CST) in October, 2001. The CST combined a number of local taxes, sales tax, and the gross receipts tax into a new tax structure, pursuant to Chapter 202, Florida Statutes. You, or a home owners association, will be classified as a communications services provider if:

- 1) your community owns cable TV ground stations, head-in and distribution system, and sells cable TV to residents,
- 2) you buy cable TV at a bulk rate and resell it to your residents,
- 3) you sell certain telephone services to your residents, or
- 4) you sell digital, cable, DSL or high speed (but not dial-up) Internet access.

If you do any of the above, you must register with the Florida Department of Revenue (DOR) as a communications services provider before providing the communications service.¹ This is because a provider must bill the service purchaser for the CST and remit the tax to DOR by filing a communications services tax return each month.² The tax is due when a retail sale is made.

The tax amount is subject to change each October. In addition, both counties and municipalities may have a CST. These local taxes vary and are listed in the law. Some counties may also charge a surtax.³ The state, county and municipal taxes must be itemized on the monthly bill for services. You as the service provider must collect the tax and remit it to DOR using their forms.

You may retain either 0.25% or 0.75% of the CST as an administrative fee, provided your payments to DOR are not in arrears and made within the specified time frames. DOR will assign this amount based on the method you use to assign service addresses to local taxing jurisdictions. One of the easiest methods, which will entitle you to the 0.75% fee, is to use DOR's electronic database. To qualify for the higher fee, you must notify DOR of the method used on the appropriate DOR form. (Check DOR's website for all forms.)

¹You may register online: www.myflorida.com/dor/form/efile.html. The registration fee is waived for applications submitted using DOR's e-services. Select "Sell communications services ..." as your business.

²You may also file and pay your communications services tax online: www.myflorida.com/dor/forms/new/filing.html

³You can determine the amounts for your community by visiting DOR's website: www.myflorida.com/dor/taxes/addlookup.html

Most communities will be categorized either as a 1) reseller, 2) a reseller/user, or 3) a retail buyer. Different procedures apply in each situation. If you are reselling a communications service (providing the service and billing the residents separately for it), you must apply to DOR for a resale certificate. You can then provide the certificate to your bulk supplier so you will not have to pay the CST to your supplier. You must itemize the CST tax on your bills to the residents, collect the tax, and remit it with a CST tax return each month to DOR.

Communities that sell cable TV service to their residents but also “use” the service, i.e., provide a free cable connection for the office, clubhouse, community manager, or on-site maintenance worker’s home, must follow a different procedure. Even though resales are made, the owner cannot qualify for a resale certificate under this scenario. To avoid paying the CST to the supplier, the owner must receive “direct pay authority” from DOR. The community owner should apply to DOR for a “direct pay permit”, using the appropriate DOR form, of course. When issued, the direct pay permit will identify those taxes that you are authorized to accrue and remit directly to DOR. When local taxes are involved, each service address must be included on the permit. This allows the community owner to pay DOR the tax collected on sales to residents and the community’s tax for services used. A monthly CST return must be filed with DOR. The owner provides proof of their “direct pay authority” to the bulk supplier and the supplier will no longer bill the CST to the community for those addresses identified on the permit.

If you provide a communications service to your residents and the service is included in the rental amount or maintenance fee (you do not separately bill the cost to the resident), you are the retail purchaser. You do not have to charge the CST to the residents and do not have to worry about the CST returns--but you will pay the tax to your supplier.

If you have not registered as a communications services provider and/or have not properly collected the CST and remitted same to DOR, you may be able to avoid penalties by contacting DOR’s voluntary disclosure program. This program allows self-disclosure of the tax liability and DOR staff will look at your specific circumstances to work out a solution. Before you contact DOR, however, we recommend you talk this over with your attorney and accountant. If you have already been contacted by DOR concerning tax remittances that are in arrears, this option may not be available.

Additional information may be found on the Department of Revenue website and forms. (If you are still unsure of your responsibilities, consultation with your tax experts is advisable.)