

Florida Department of Revenue
Tax Information Publication

TIP 99A01-18

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Prepaid Telephone Calling Cards Now Taxable at Point of Sale

Effective July 1, 1999, prepaid telephone calling cards are subject to Florida sales tax on telecommunications at the rate of **7 percent** at the moment of sale to the customer. The tax also applies to recharging or reactivating the calling card. However, the discretionary sales surtax (local option) does not apply to the sale, recharge or reactivation of the calling card. The dealer is responsible for collecting and remitting the sales tax to the Florida Department of Revenue.

If the customer does not purchase, recharge or reactivate the calling card at the dealer's place of business, then the customer's shipping address (if the card is being mailed or shipped to the customer), the customer's address, or the location of the customer's wireless or mobile telephone account shall be the designated selling location.

The term "prepaid telephone calling card" includes any prepaid telecommunication service that allows the user of the card the right to exclusively make telephone calls using an access number, authorization code, authorization number, **wireless** or **cellular** mobile telephone account, whether dialed manually or electronically.

Prepaid telephone calling cards sold through a vending machine are also subject to Florida sales tax at the rate of 7 percent. To calculate the tax, the dealer would divide the total receipts by 1.07 to compute gross taxable sales. At this point, the gross taxable sales should be subtracted from the total receipts to determine the amount of tax due.

Taxable sales should be reported by the dealer on the Sales and Use Tax Return, **Form DR-15, Line 22 (Taxable Sales/Purchases of Commercial Telecommunications/Energy)**, which would also be

included in Line A (Sales). If you are currently reporting using the Sales and Use Tax Return, Form DR-15EZ, contact your local Department of Revenue Service Center for conversion to the Form DR-15.

Telecommunication providers are still required to remit **sales tax** on services provided through prepaid telephone calling cards sold **prior to July 1, 1999** until the value of the card has been consumed. The **gross receipts tax** on the use of prepaid telephone calling cards is still required to be paid by the telecommunications provider, **regardless of when the calling card is sold.**

Every dealer that sells, recharges or reactivates prepaid telephone calling cards is required to be registered for sales and use tax with the Florida Department of Revenue before engaging in business. A separate registration is required for each location. Owners or operators of vending machines are required to obtain a separate registration for each county in which the machines are located. These sales are not deemed to be vending machine sales for reporting purposes.

An Application to Collect Tax in Florida (Form DR-1) is available, without cost, by:

- 1) using a fax machine telephone handset to call the Department's automated Fax On Demand system at 850-922-3676; or,
- 2) visiting any local Department of Revenue Service Center; or,
- 3) calling the Forms Request Line during regular office hours at 800-352-3671 (in Florida only) or 850-488-6800; or,
- 4) downloading the form from the Department's Web site: <http://sun6.dms.state.fl.us/dor/> 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 5:00 p.m., ET, at 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. 99-363, L.O.F.

s. 212.05(1)(e)1.a., F.S.