

**Florida Department of Revenue  
Tax Information Publication**

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**TIME LIMIT FOR SEEKING A CREDIT OR REFUND  
OF COMMUNICATIONS SERVICES TAX  
REMITTED ON A BAD DEBT ACCOUNT**

Questions have arisen from dealers concerning the date to be used to determine the availability of a communications services tax credit or refund and the filing of a federal income tax return as a requirement for a credit or refund.

Section 202.29, Florida Statutes (F.S.), provides, in part:

(1) A dealer who has paid the tax imposed by this chapter may take a credit or obtain a refund for tax paid by the dealer on unpaid balances due on worthless accounts within 12 months following the last day of the calendar year for which the bad debt was charged off on the taxpayer's federal income tax return.

(2) If any accounts for which a credit or refund has been received are then in whole or in part paid to the dealer, the amount paid must be included in the first return filed after such receipt and the tax paid accordingly.

A dealer is allowed to take a credit or obtain a refund for tax paid on an account written off as a bad debt beginning on the date the dealer deducts the bad debt account from its books through 12 months after the end of the calendar year. The date on which the dealer files a federal income tax return that includes the bad debt accounts is irrelevant and should not be used to determine the availability of a credit or refund.

Example 1: A dealer writes off a worthless account on his books on February 1, 2003. The dealer is allowed to take a credit for the tax remitted on the worthless account on his February 2003

communications services tax return, due March 20, 2003. The dealer may instead choose to seek a refund of the tax remitted on the worthless account. The application for refund must be dated between February 1, 2003, and December 31, 2004. The dealer will be barred from taking a credit or seeking a refund after December 31, 2004.

Example 2: Same facts as Example 1, except the dealer does not take a credit on his February 2003 communications services tax return. The dealer can take a credit or seek a refund for 12 months following the end of the calendar year; therefore, the dealer can take a credit or seek a refund for 12 months following December 31, 2003. The dealer will be barred from taking a credit or seeking a refund after December 31, 2004.

Example 3: A dealer carries several bad debt accounts on its books during its 2002 fiscal year, which is the same as the calendar year. The dealer writes off those debts in December 2002. The dealer can take a credit or apply for a refund for tax remitted on those accounts at any time during the 2003 calendar year. The dealer will be barred from taking a credit or seeking a refund after December 31, 2003.

The actual filing of a federal income tax return has no bearing on the condition of "on the taxpayer's federal income tax return" and is not a requirement to seek a refund or credit for the tax remitted on worthless accounts. To be "charged off on the taxpayer's federal income tax return" means that the dealer must have written off the bad debt on the dealer's books for purposes of determining taxable income on a federal return. It does not mean that a federal return must be filed. Section 202.29(1), F.S., allows dealers to take a credit or seek a refund as soon as the bad debt is written off, rather than having to wait until after a federal return has been filed, and takes into account a bad debt write-off by dealers on the cash basis method of accounting who do not deduct the bad debt directly on the federal return.

A credit or refund is available only for specific accounts that have been written off. No credit or refund can be given for a bad debt reserve write-off or a write-off based on a percentage,

rather than tied to individual accounts.

Reference: Section 202.29, Florida Statutes

### **FOR MORE INFORMATION**

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For forms and other information, visit our Internet site at [www.myflorida.com/dor](http://www.myflorida.com/dor). Or call Taxpayer Services, 8:00 a.m., to 7:00 p.m., ET, Monday through Friday, excluding holidays, at 800-352-3671 or 850-488-6800.

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

For a detailed written response to your questions, write the Florida Department of Revenue, Taxpayer Services, 1379 Blountstown Highway, Tallahassee, FL 32304-2716.

To receive a fax copy of a form, call 850-922-3676 from your fax machine telephone.