



Annual Resale Certificate for Sales Tax

Guidelines to help business owners determine whether their purchases qualify for resale exemption

Registration: If your business will have taxable transactions, you must register as a sales and use tax dealer before you conduct business in Florida. You can register to collect and/or report tax through our Internet site. The site will guide you through an application interview that will help you determine your tax obligations. If you do not have Internet access, you can complete a paper *Florida Business Tax Application* (Form DR-1). After your application is approved, you will receive a *Certificate of Registration* (Form DR-11) and a *Florida Annual Resale Certificate for Sales Tax* (Form DR-13).

Note: The information in this brochure applies only to the *Annual Resale Certificate for Sales Tax*. It does not apply to the *Annual Resale Certificate for Communications Services Tax*.

An *Annual Resale Certificate for Sales Tax* will allow you to make tax-exempt purchases or rentals of property or services for resale. Examples are:

- Resale or re-rental as tangible personal property
- Re-rental as real property
- Re-rental as transient rental property
- Resale of services
- Incorporation into and sale as part of the repair of tangible personal property by a repair dealer
- Incorporation as a material, ingredient, or component part of tangible personal property that is being produced for sale by manufacturing, compounding, or processing

When You May Not Use your *Annual Resale Certificate for Sales Tax*:

An *Annual Resale Certificate for Sales Tax* may not be used to make tax-exempt purchases or rentals of property or services that will be used:

- But not resold or re-rented.
- Before selling or renting the goods.
- By your business or for personal purposes.

See the chart provided in this publication listing types of businesses and examples of items that you may purchase or rent tax-free. If you have specific questions about your business, visit your nearest service center or call Taxpayer Services.

Annual resale certificates expire each year on December 31. As long as you are a registered dealer and you are conducting business, you will automatically receive a new *Florida Annual Resale Certificate for Sales Tax* every year. Depending on your account, it will either be included in your sales tax coupon book or mailed separately to you.

Purchaser's Responsibility: As the purchaser, it is your responsibility to ensure that goods purchased using your *Annual Resale Certificate* are purchased for resale. If the goods purchased for resale are later used (not resold), you are responsible for reporting and paying use tax and the appropriate discretionary sales surtax on the items, plus any applicable penalty and interest.

There are additional liabilities for intentional misuse of a resale certificate. Resale fraud is a third-degree felony subject to a 200 percent penalty. Anyone who, for the purpose of evading tax, uses an *Annual Resale Certificate* or signs a written statement claiming an exemption knowing that tax is due on the property or services at the time of purchase is subject to civil and criminal penalties. As part of the audit process, the Department routinely examines resale transactions and *Annual Resale Certificates* to ensure they are legitimate purchases for resale.

Inactive Registered Dealers and Use Tax Dealers: *Annual Resale Certificates* are issued only to dealers who have a valid sales tax account and whose registration status is *active*, which means the business is open for business and collecting and remitting sales tax to the Department of Revenue. A registered dealer who is on *inactive* status or has only a use tax account will not be issued an *Annual Resale Certificate*.

Consolidated Registrations: Purchasers who file returns on a consolidated basis (80-code account numbers) may use a copy of the current *Annual Resale Certificate* for either the consolidated registration number (80-code number) or the active location reported under the consolidated registration number. Selling dealers may accept either copy from the purchaser.

Seller's Responsibility: Other businesses may buy goods from you tax-exempt. Business owners who purchase goods for resale must provide you a copy of their current *Annual Resale Certificate*. You should not accept an *Annual Resale Certificate* if you know or have reason to believe that the goods are purchased for reasons other than those stated on the certificate. For example, a resale certificate from a car dealership should not be accepted for the purchase of office supplies or similar items not normally sold by car dealerships.

Sellers must retain copies of *Annual Resale Certificates* accepted from purchasers, as proof that the purchases were tax-exempt and because the purchasers claimed the goods would be used for the purposes indicated on the certificates.

Selling Dealer Liability: A selling dealer who accepts a current and signed copy of an *Annual Resale Certificate* will not be held liable for tax on the transaction if it is later determined the purchaser was not an active, registered dealer at the time of the transaction.

Type of business	Purchases that may qualify for resale exemption	Purchases that are generally taxable
Restaurants Bars	Disposable “take-out” food containers, paper napkins, plastic eating utensils, and beverages	Dishes, flatware, kitchen utensils, cleaning supplies, office equipment, office supplies, delivery vehicles, kitchen equipment, credit card machines, and menus
Barber shops Beauty salons	Items for resale to customers for off-premises use, including shampoos, hair tonics, brushes, and cosmetics	Items used in serving customers on-site, including shampoo, brushes, cosmetics, cleaning supplies, hair dryers, curling irons, beautician chairs, scissors, combs, shears, office supplies, and office equipment
Car dealers Auto repair shops Service stations	Tires, batteries, auto parts, seat covers, auto paint, antifreeze, nuts, bolts, and oil available for resale to customers or incorporated into repairs	Hand and power tools, machinery, tape, sandpaper, lubricants, solvents, rags, cleaning supplies, office supplies and equipment, free loaner vehicles, delivery vehicles, wreckers, lifts, and diagnostic equipment
Florists Plant nurseries Landscape gardeners	Fertilizers, flowers, shrubs, potting soil, and garden tools for resale to customers on an itemized invoice	Hoses, garden tools, lawn mowers, rakes, office equipment, supplies used in day-to-day operations, and delivery vehicles
Convenience stores	Soft drinks, candy, beer, t-shirts, hats, kitchen supplies, office supplies, household supplies, cleaning supplies, and motor oil available for resale to customers	Cash registers, business equipment, cleaning supplies, office supplies, gas pumps, credit card machines, and ATMs
Pet shops	Items intended for resale rather than use in business operations, including pet food, pet litter, brushes, and pet dishes	Items for use in day-to-day store operations, including pet food, pet litter, pet dishes, cleaning supplies, office supplies, and office equipment
Service providers, for example: attorneys, accountants, architects, doctors, dentists, daycare centers	None. These types of businesses are generally considered to be the end users of products they use in providing service to customers and generally do not qualify for resale exemption.	Electronics, service vehicles, appliances, office equipment and supplies, books, stationery, computer hardware or software, bandages, mouthwash, toothbrushes, toys, and bedding

Methods for Documenting Sales for Resale: Selling dealers must document all exempt sales for resale and may use any one of these methods to document a sale for resale:

Method 1 – Dealer annually gets a signed copy of each purchaser’s *Annual Resale Certificate*. Selling dealers should retain copies of *Annual Resale Certificates* from the prior three years.

Method 2 – Dealer gets a transaction resale authorization number. If the purchaser does not present an *Annual Resale Certificate* but knows his or her sales tax number, the selling dealer can get a transaction resale authorization number through either an automated toll-free telephone system or an online verification system.

By Telephone: Call 877-357-3725 and use a touch-tone phone to enter the purchaser’s sales tax certificate number.

Internet: Visit our Internet site for the online verification system. This system allows sellers to:

- Manually enter sales and use tax certificate numbers or business partner (BP) numbers. Up to five numbers may be verified at once.
- or**
- Upload a batch file for Purchaser Certificate Verification and retrieve that file 24 hours after submission.

Note: Both the telephone and online systems will issue a 13-digit transaction resale authorization number or alert the selling dealer that the purchaser does not have a valid resale certificate. The transaction resale authorization number is valid for that purchase only, and is not valid for other resale purchases made by the same purchaser. (The selling dealer must get a new transaction resale authorization number for each resale transaction.)

The sales invoice, purchase order, or other evidence of the sale must include the transaction resale authorization number and this statement signed by the purchaser: “The purchaser hereby certifies that the property or services being purchased or rented are for resale.”

Method 3 – Dealer gets one copy of each on-account or open-account customer’s *Annual Resale Certificate*. Selling dealers do not need a new resale certificate from buyers who purchase on account, on a continual basis. “Purchase on account from a dealer on a continual basis” means the selling dealer has a continuing business relationship with the purchaser, who makes recurring purchases on account in the normal course of business. A sale “on account” means the selling dealer extends credit to the purchaser and records the debt as an account receivable, or the dealer sells to a purchaser who has an established or C.O.D. account, similar to an “open credit account.” Purchases are made on a “continual basis” if the selling dealer makes sales to the purchaser no less than once every twelve months in the normal course of business.



2012 Florida Annual Resale Certificate for Sales Tax

DR-13
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THIS CERTIFICATE EXPIRES ON DECEMBER 31, 2012

Business Name and Location Address

Registration Effective Date

Certificate Number

Business Name

**Purchaser's DOR
sales tax number**

EXAMPLE

This is to certify that all tangible personal property purchased, real property rented, or services purchased on or after the above Registration Effective Date by the above business are being purchased or rented for one of the following purposes:

- Resale as tangible personal property.
- Re-rental as tangible personal property.
- Resale of services.
- Rental as real property.
- Incorporation into and sale as part of the repair of tangible personal property by a repair dealer.
- Re-rental as transient rental property.
- Incorporation as a material, ingredient, or component part of tangible personal property that is being produced for sale by manufacturing, compounding, or processing.

This certificate cannot be reassigned or transferred. This certificate can only be used by the active registered dealer or its authorized employees. Misuse of this *Annual Resale Certificate* will subject the user to penalties as provided by law. **Use signed photocopy for resale purposes.**

Seller's Business Name

Purchaser signs & dates

Presented to: _____
(Insert name of seller on photocopy) (date)

Presented by: _____
Authorized Signature (Purchaser) (date)

Contact Us

Information, forms, and tutorials are available on our Internet site:
www.myflorida.com/dor

To speak with a Department representative, call Taxpayer Services, Monday through Friday, 8 a.m. to 7 p.m., ET, at 800-352-3671.

To find a **taxpayer service center** near you, go to: **www.myflorida.com/dor/contact.html**

For written replies to tax questions, write to:
Taxpayer Services - Mail Stop 3-2000
Florida Department of Revenue
5050 W Tennessee St
Tallahassee FL 32399-0112

Subscribe to our tax publications to receive due date reminders or an e-mail when we post:

- Tax Information Publications (TIPs).
- *Facts on Tax*, a quarterly publication.
- Proposed rules, notices of rule development workshops, and more.

Go to: **www.myflorida.com/dor/list/**