



**SCHOOL DISTRICT OF OKALOOSA COUNTY
TECHNICAL ASSISTANCE MEMORANDUM
FINANCE**

FINANCE TAM: 2005-009
CONTACT: Julie Perry, Accountant
TELEPHONE: 833-7552

TO: All Principals
FROM: Rita Scallan, Director - Finance
DATE: November 5, 2004
SUBJECT: Sales Tax - Remittance Procedures

A handwritten signature in blue ink, appearing to read "Rita Scallan".

When a school purchases items for resale and the vendor does not charge sales tax, it is necessary to transfer the appropriate sales tax to the Sales Tax Payable account for remittance to the State of Florida. The transfer may be accomplished automatically when writing a check. For further sales tax information and disbursement examples, please see Attachment A - Excerpt from TAM 2004-020, Bookkeeper Workshop Update. All TAMs are available on the Finance website.

In order to remit sales tax to the State, each school must do the following:

Register to Pay Florida State Sales Tax (Deadline - November 12, 2004)

According to our records, the following schools have not registered to collect/remit sales tax. If our records are in error, please fax a copy of the school's Sales and Use Tax Registration Certificate to 833-7699. Please do not confuse this with the District's Consumer's Certificate of Exemption (56-02-018640-53C). See Attachment B - Registering to Pay Florida State Sales Tax.

Destin Elementary School	Richbourg Middle School
Destin Middle School	Ruckel Middle School
Edge Elementary School	Shalimar Elementary School
Edwins Elementary School	Silver Sands School
Elliott Point Elementary School	Southside Elementary School
Mary Esther Elementary School	Valparaiso Elementary School
Niceville High School	Walker Elementary School
Plew Elementary School	

Enroll in Online Services (Deadline - December 6, 2004)

Per the State of Florida Department of Revenue, all schools must enroll in online services in order to file and pay sales tax electronically. See Attachment C - Enrolling in Online Services to Pay Florida State Sales Tax.

File and Pay Sales Tax Electronically (Effective January 1, 2005)

See Attachment D - How to File and Pay Florida State Sales Tax.

Should you require any further information, please do not hesitate to contact Julie Perry at 833-7552.

C: Superintendent
Cabinet Members
Bookkeepers

Okaloosa County School District
Internal Funds Accounting Workshop
May 26-27, 2004 (Notes Modified 6-28-04)

X: SALES TAX

Sales Tax – General Rules

All expenditures from Internal Accounts which are made for customary instructional activities and which do not represent expenditures for resale to individuals, are exempt from sales tax. The State of Florida has extended this exemption to PTOs, meaning that those goods and services necessary to the PTOs are tax exempt.

Sales Tax – Items for Resale

Any items purchased for resale are taxable, regardless of whether or not there is a profit. If a school pays sales tax when purchasing the items, it does not have to pay sales tax on any profit. When paying sales tax, the sales tax should be a separate line item so as to provide easy verification that your school is in compliance with State sales tax laws. See the following page for examples.

Items for Resale that are Tax Exempt

- Publications *distributed* by schools such as yearbooks, magazines, newspapers, directories, bulletins, programs, commemorative DVDs.
- General grocery items such as bread and bakery products (cheesecakes, cookie dough, etc.), and fruit and fruit products.

Food Items

- Concession items and any other food for resale (popsicles, candy, ingredients for spaghetti suppers, etc.) should not be purchased with a tax exempt certificate; paying tax as required by the store will satisfy the school's sales tax requirement.
- Food or drinks purchased at a grocery store by a school to be given to and consumed by students or faculty are tax exempt; therefore, a tax exempt certificate should be used.
- Prepared foods being purchased for resale are taxable and should not be purchased with a tax exempt certificate; paying tax as required by the store will satisfy the school's sales tax requirement
- Prepared foods purchased and given to students or faculty are tax exempt; therefore, a tax exempt certificate should be used.
- Full-service vending companies pay tax for the items in the vending machines; therefore, it is not necessary to pay tax on the commission.

Other Situations

- Gifts and/or prizes purchased with school funds are tax exempt.
- When charging one price for a 'package' of items, if the portion being kept by the student is more than 25% of the total charge, those items being kept by the student are taxable.
 - Example #1: Cheerleading charges \$200 for uniform fees (rental of school uniforms, socks and shoes for student to keep). The socks and shoes cost \$45, which is 22.5% of \$200; therefore, they are tax exempt.
 - Example #2: Band charges \$75 for uniform fees (rental of school uniform, shoes for student to keep). The shoes cost \$40, which is 53% of \$75; therefore, tax must be paid on the shoes when purchased.

Reimbursement of Sales Tax

Individuals and sponsors requesting reimbursement for purchases which include sales tax will not be reimbursed the sales tax IF the purchase would have been tax exempt had it been made by the school.

X: SALES TAX (Continued)

Sales Tax – Items for Resale – Examples

1) – Vendor bills school for shirts (\$100.00) and sales tax (\$6.00) – total due \$106.00:

MANATEE.EXE

SCHOOL DISTRICT OF OKALOOSA COUNTY
 ADDIE R. LEWIS MIDDLE SCHOOL

CREATE VENDOR INVOICES
 Current Period: 03/01/04 to 03/31/04

Vendor ID => T-SH Invoice Nmbr => 1234 Invoice Date => 03/31/04
 T-SHIRTS PLUS Discount Percent => 0.00
 968 W JOHN SIMS PKWY Discount Days => =>
 NICEVILLE FL 32578 Net Due Days => 0 => 03/31/04
 Cash Account => 0010.00 VANGUARD BANK/CKIN Invoice Amount => 106.00
 Sponsor => LIND L STRICKLAND Priority Level => 1

Account	Sub.	Account Name	Description	Amount
5 0518.00	0512	SPEECH & DRAMA	SHIRTS-RESALE	100.00
5 0518.00	0792	SPEECH & DRAMA	TAX-SHIRTS	6.00

Is the above line correct? <Y/N> => Y

The above entry shows two line items in the Drama account – one to show the cost of the shirts and one to show the tax paid.

2) – Vendor bills school for shirts (\$100.00) – total due \$100.00:

MANATEE.EXE

SCHOOL DISTRICT OF OKALOOSA COUNTY
 ADDIE R. LEWIS MIDDLE SCHOOL

CREATE VENDOR INVOICES
 Current Period: 03/01/04 to 03/31/04

Vendor ID => T-SH Invoice Nmbr => 1234 Invoice Date => 03/31/04
 T-SHIRTS PLUS Discount Percent => 0.00
 968 W JOHN SIMS PKWY Discount Days => =>
 NICEVILLE FL 32578 Net Due Days => 0 => 03/31/04
 Cash Account => 0010.00 VANGUARD BANK/CKIN Invoice Amount => 100.00
 Sponsor => LIND L STRICKLAND Priority Level => 1

Account	Sub.	Account Name	Description	Amount
5 0518.00	0512	SPEECH & DRAMA	SHIRTS-RESALE	100.00
5 0518.00	0792	SPEECH & DRAMA	TAX-SHIRTS	6.00
9 0744.00	0792	SALES TAX PAYABLE-F	DRAMA SHIRTS	-6.00

Is the above line correct? <Y/N> => Y

The above entry does the same as the first, except that by ‘moving’ the sales tax to the Sales Tax Payable account the check is for the correct amount (\$100.00), the Drama Department knows exactly what it has paid, and the Sales Tax Payable account has a record of tax owed for the month. When paying tax, you simply have to print a general ledger for the Sales Tax Payable account to know how much tax is owed. The check numbers are noted on the general ledger, making it unnecessary to keep extra copies of the invoices.

REGISTERING TO PAY FLORIDA STATE SALES TAX

1. Go to <http://www.myflorida.com/dor/eservices/>.
2. Choose Register to collect and/or pay tax (under **DOR Online-Services**).
3. Choose Online Tax Registration and then “press” the green GO button in the left column.
4. The Registration Determination process will begin.
 - a. Business Activity - Under “Do you or will you . . .” check:
“Purchase items that were not taxed by the seller at time of purchase?”
(There will be more than one box with the title Business Activity. Keep clicking *Next* until the proper box is found.)
 - b. Business Structure – Click “Government Agency.”
 - c. Registration Determination – The list should only contain “Sales and Use Tax.”
5. The Registration Process has four steps. The beginning information is listed below.
 - a. Enter FEIN: 59-6000764
 - b. Enter Fiscal Year Ending Date: June 30
 - c. Enter Products Purchased for Resale: Fundraiser items, student items.
6. In Step 1 – Reason for Registration, choose the following:
 - a. New Business Entity
 - b. Beginning Date of Business Activity – Enter the first day of the next month
7. In Step 1 – About this Registration, enter the School’s Name for trade, fictitious, or location name.
8. In Step 2 – Primary Business Activity, enter the following codes:
 - a. NAICS Code 61111 Elementary and Secondary Schools
 - b. SIC Code 8211 Elementary and Secondary Schools
9. Three days after registering, go back to the Registration page to look up the school’s certificate number online.
10. Once the school has its certificate number, it is time to enroll in Online Services.
11. Send a copy of the school’s registration certificate to Julie Perry in Finance.

ENROLLING IN ONLINE SERVICES TO PAY FLORIDA STATE SALES TAX

1. The following information is needed to enroll in Online Services to pay Florida State Sales Tax:
 - a. Taxpayer ID Number (certificate number) – Each school has its own number.
 - b. Federal Employer Identification Number – 59-6000764
 - c. Contact person's name, address, e-mail address, phone number, and fax number.
 - d. The checking account bank routing/transit number.
 - e. The checking account number.
2. Go to <http://www.myflorida.com/dor/eservices/>.
3. Choose Enroll (under **DOR Online-Services**).
4. Choose Enroll New Accounts (under **Begin Online Application**).
5. Choose Start a New Enrollment.
6. Proceed as instructed.
7. When asked about the payment method, choose “Internet File and Pay ACH Debit.”
Note: This will be a debit to the school's checking account, just like a check card. It is not an automatic draft; the State of Florida can only debit the school's account when the sales tax return is filed and the debit is authorized.
8. Once enrollment is complete, please notify Julie Perry in Finance.

HOW TO FILE AND PAY FLORIDA STATE SALES TAX

To determine how often a Sales Tax Return must be filed, it is necessary to check the “Collection Period” on the “Sales and Use Tax Return.” This may be done by logging onto the website and viewing the form on-line. The “Collection Period is located in the upper left-hand corner. If the period is one month, such as “September 2004,” the return will be due no later than the 20th of October. If the period is for one quarter, such as “January 2005 – March 2005,” the return will be due no later than the 20th of April.

A Sales Tax Return must be filed when due, even if the amount is zero. If the return is not filed, the State will charge a penalty fee.

1. All sales tax collected should be transferred to the Sales Tax Payable account. This may be done automatically when writing the check to pay for the taxable items. See TAM 2004-020 Bookkeeper Workshop Update for examples of this procedure. Sales tax rules are also available in TAM 2004-020.
2. **After closing the last month in the collection period**, print a **Sales Tax Payable General Ledger**. The balance in the Sales Tax Payable account would be the “Total Tax Collected.”
3. Go to <http://www.myflorida.com/dor/eservices/>.
4. Choose File and Pay Tax (under **DOR Online-Services**).
5. Choose File and Pay SUT/SW (under **Sales and Use Tax and/or Solid Waste and Surcharge**).
6. Enter User ID and Password.
7. Choose tax return to file: **DR-15EZ Filer (Sales and Use)**
8. An electronic version of the **State of Florida Sales and Use Tax Return** will appear. (See sample blank form on the following page.) Enter the following information:
 - a. Contact Information
 - b. Gross Sales = “Total Tax Collected” Divided By 0.06
 - c. Exempt Sales = 0
 - d. Taxable Sales/Purchases = Gross Sales
 - e. Discretionary Sales Surtax Information A and B = 0
 - f. Total Tax Collected = Balance on general ledger
 - g. Less Lawful Deductions = 0
 - h. Less DOR Credit Memo = 0
 - i. Total Tax Due = (Automatically filled in)
 - j. Less Collection Allowance = “Total Tax Collected” Multiplied by .025
 - k. Amount Due with Return = (Automatically filled in)
9. Click *Next* and the final **Sales and Use Tax Return** will be onscreen. Follow instructions to submit. You will be given an option to print a copy for your records.

10. When the return is submitted, the “Amount Due with Return” will be automatically withdrawn from the school’s checking account. A Manatee Adjustment must be completed to reflect this. The **Sales and Use Tax Return** and the **Sales Tax Payable General Ledger** will serve as backup.

	Increase	Decrease
\$-Checking Account		Amount Due
6-699 Sales Tax Payable		Amount Due

11. If a Collection Allowance was taken, complete a Manatee Transfer to move this amount from Sales Tax Payable to General. The **Sales and Use Tax Return** will serve as backup.

Sample Blank Sales and Use Tax Return

https://florida.sales.bswa.net/DR15EZ.asp - Microsoft Internet Explorer

DR-15EZ

Certificate Number: 56-8012091140
Collection Period: 09/2004
10/26/2004 12:46:43 PM

Location Address

281 MISSISSIPPI AVE
VALPARAISO , FL 32580-1554

OKALOOSA COUNTY SCHOOL BOARD
ADDIE R LEWIS MIDDLE SCHOOL
281 MISSISSIPPI AVE
VALPARAISO , FL 32580-1554

Contact Information

Name:
Phone: () -
Email:

1. Gross Sales \$
(Do not include tax)

2. Exempt Sales \$
(Include these in Gross Sales, Line 1)

3. Taxable Sales/Purchases \$

Discretionary Sales Surtax Information

A. Taxable Sales and Purchases **Not** Subject to Discretionary Sales Surtax \$

B. Total Discretionary Sales Surtax Collected \$

4. Total Tax Collected (Include Discretionary Surtax from Line B) \$

5. Less Lawful Deductions \$

6. Less DOR Credit Memo \$

7. Total Tax Due \$

8. **Less (-)** Collection Allowance; or if Late, **Plus (+)** Penalty and Interest \$

9. Amount Due With Return \$

Check for Errors on Return!

NEXT Reset to Last Save/Submit Save and Exit

Done Internet

Start | Inbox... | MANA... | OKA30... | Sales... | Florid... | https... | Micros... | RE: - ... | 11:55 AM