



# Florida Communications Services Tax (CST)



# Presentation Objectives

- CST Explanation
- Tax Rates
- Services
- Stakeholders and their responsibilities
- Resources
- Revenues
- Legislation



## What is CST?

CST is a tax imposed on each sale of communications services in Florida

Dealers generally collect the tax from customers, then report and pay the tax to the Department.

If a dealer does not collect tax from a customer, the customer is responsible for paying communications services use tax.



# Communications Services Tax Simplification Law

Chapter 202, Florida Statutes  
Effective October 1, 2001



# Why? Simplify Structure and Returns

## Old Tax Structure

### Number of Taxes = 7

- ❖ State Sales Tax
- ❖ Discretionary Sales Surtax (DSS)
- ❖ Gross Receipts Tax
- ❖ Public Service Tax
- ❖ Cable/Other Franchise Fees
- ❖ Telecom Franchise Fee
- ❖ Some Permit Fees

**Number of Returns could be dozens to hundreds**

## New CST Structure

### Number of Taxes = 3

(In 2 Categories)

- ❖ **Florida Communications Services Tax**
  - ❖ State
  - ❖ Gross Receipts
- ❖ **Local Communications Services Tax**
  - ❖ Adopted Local Rate
  - ❖ DSS Conversion Rate

### Number of Returns = 1

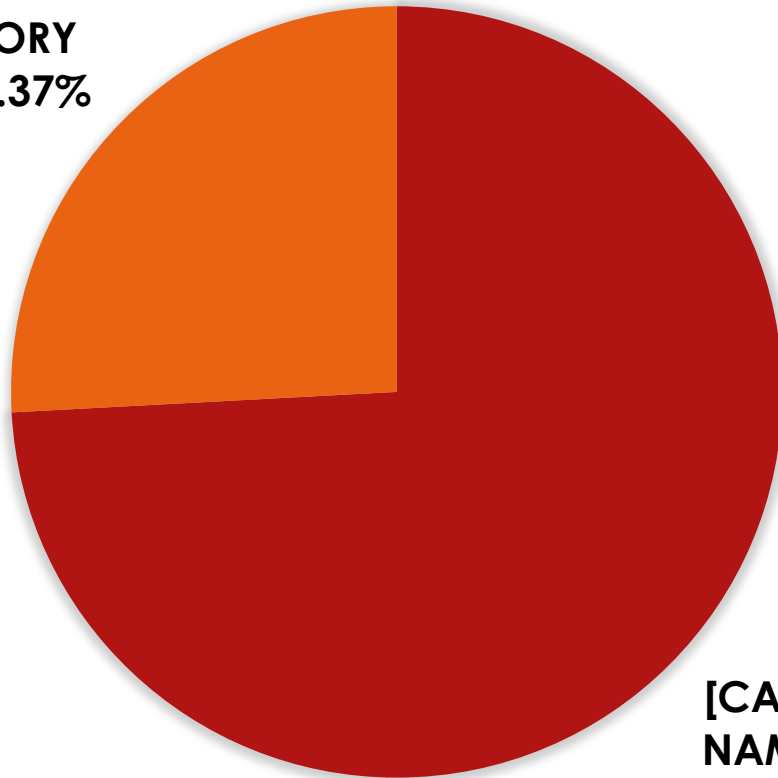
(To DOR)



*Florida*  
**DEPARTMENT OF REVENUE**

# Florida CST Rates 10/01 – 6/10

[CATEGORY  
NAME] 2.37%



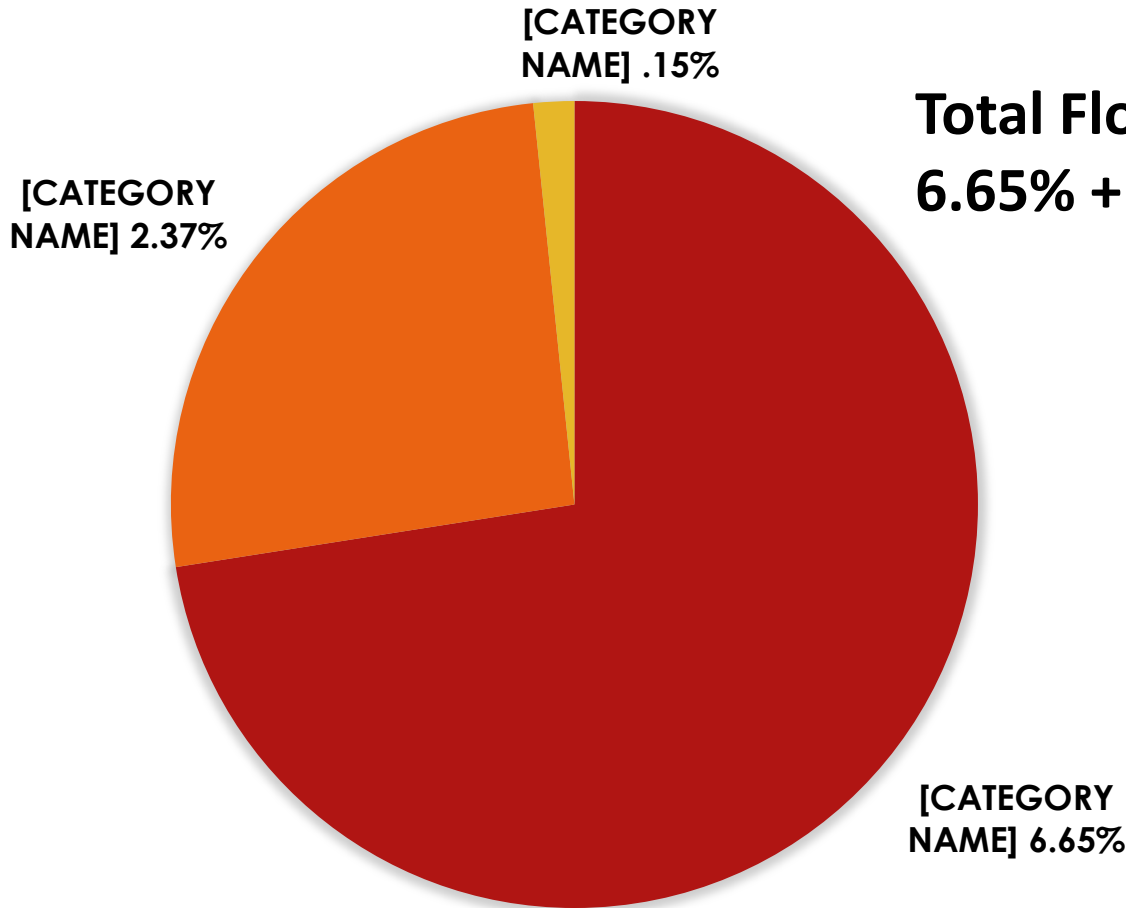
**Total Florida CST Rate**  
**6.8% + 2.37% = 9.07%**

[CATEGORY  
NAME] 6.8%



*Florida*  
**DEPARTMENT OF REVENUE**

# Florida CST Rates 7/10 – 6/15



**Total Florida CST Rate**  
**6.65% + .15% + 2.37% = 9.07%**



# State Rate Decrease 7/15

6.65%  4.92%





*Florida*  
**DEPARTMENT OF REVENUE**

## State Rate Changes

Original State CST	2010 State CST	2015 State CST
6.80%	6.65% <u>+ .15%</u> 6.80%	4.92% <u>+ .15%</u> 5.07%



# Florida DEPARTMENT OF REVENUE

## Current CST Rates

### Florida CST

State Tax Rate	
4.92%	State CST Rate*
0.15%	Gross Receipts Additional Rate
<b>5.07%</b>	<b>Total "State Tax"</b>

Florida CST Rate	
5.07%	"State Tax" Rate
2.37%	Gross Receipts Tax Rate
<b>7.44%</b>	<b>"State Tax" + GR Tax = Florida CST</b>

### Local CST

Local CST Rate	
0.0% - 7.0%	Jurisdiction Adopted Rate
0.3% - 1.2%	Any Local DSS Conversion
<b>0.3% - 7.6%</b>	<b>Total Local CST Rates</b>

❖ **114 total local CST rates for 482 jurisdictions**



# Florida DEPARTMENT OF REVENUE

## Total CST Rate

State Tax Rate	
4.92%	State CST Rate
+0.15%	Gross Receipts Additional Rate
+2.37%	Gross Receipts Rate
+Various	Local CST Rate
<b>Total</b>	<b>Total CST Rate</b>

## Direct-to-Home Satellite Rate

Total DTHS Rate	
9.07%	DTHS State CST Rate
+2.37%	Gross Receipts Rate
<b>11.44%</b>	<b>Total DTHS CST Rate</b>



# Florida DEPARTMENT OF REVENUE

## Taxable Services

- ❖ Local, long distance, toll, VoIP telephone
- ❖ Streaming Services
- ❖ Direct-to-Home Satellite
- ❖ Mobile Communications
  - ❖ Talking
  - ❖ Texting
- ❖ Pagers and Beepers
- ❖ Charges for connection, movement, change, termination
- ❖ Voicemail, messaging, and custom calling features
- ❖ Private Line services
- ❖ Facsimile (Fax) Service
- ❖ Telex, Telegram, Teletype
- ❖ Satellite Communications
- ❖ Fees that are part of the sale
  - ❖ Federal Universal Service
  - ❖ PICC



# Partial Exemption

## Partial Exemption for Sales to Residential Households

- ❖ Sales of land line phone and VoIP service are exempt from the state CST and gross receipts additional rates

Total CST Rate for Residential Households	
0.00%	State CST rate
+0.00%	Gross Receipts Additional Rate
+2.37%	Gross Receipts Rate
+Various	Local CST Rate
<b>Total</b>	<b>Total CST Rate = gross receipts + local</b>



# Non-Taxable/Exempt

## Non-Taxable Charges

- ❖ Internet access
- ❖ Information services
- ❖ Sale/rental/installation of tangible personal property
- ❖ Charges not directly tied to the service
  - ❖ Bad check, late payment, etc., charges
- ❖ Pay phone charges
- ❖ Prepaid calling arrangements
- ❖ Government tax, fee, or assessment imposed on the consumer

## Exempt Entities

- ❖ Sales for resale
- ❖ Sales to federal, state, and local government entities
- ❖ Religious institutions
- ❖ Education institutions
- ❖ Homes for the aged



# Florida DEPARTMENT OF REVENUE



<b>Preferred Double Play</b>	06/06 - 07/05	99.99
Includes Digital Preferred, HBO, Streampix, Digital Converter, access to On Demand Programming and Blast! Internet		
Term Agreement Applies	06/06 - 07/05	0.00
24 Month Term Agreement on account. Visit <a href="#">www.floridarevenue.com/myaccount</a> for details.		
<b>Total:</b>	<b>Bundled Services</b>	<b>\$99.99</b>



## Additional TV Services

<b>HD Technology Fee</b>	06/06 - 07/05	9.95
<b>Additional Outlet</b>	06/06 - 07/05	15.96
Digital Adapter 4 @ \$3.99 each		
<b>AnyRoom DVR</b>	06/06 - 07/05	10.00
<b>RIDE ALONG 2 HD</b>	04/28 11:42 A	5.99
<b>Total Additional:</b>	<b>TV Services</b>	<b>\$41.90</b>



## Additional Internet Services

<b>Modem Rental</b>	06/06 - 07/05	10.00
<b>Total Additional:</b>	<b>Internet Services</b>	<b>\$10.00</b>

## Other Charges & Credits

<b>Broadcast TV Fee</b>	06/06 - 07/05	5.00
-------------------------	---------------	------

## Other Charges & Credits, cont.

<b>Regional Sports Fee</b>	06/06 - 07/05	3.00
<b>Total Other Charges &amp; Credits</b>		<b>\$8.00</b>

## Taxes, Surcharges & Fees

TV		
<b>State</b>	06/01	0.45
Communications Services Tax		
<b>Local</b>	06/01	0.36
Communications Services Tax		
<b>State</b>	06/06 - 07/05	6.30
Communications Services Tax		
<b>Local</b>	06/06 - 07/05	5.09
Communications Services Tax		
<b>Sales Tax</b>	06/06 - 07/05	1.41
<b>FCC Fee</b>	06/06 - 07/05	0.08
Internet		
<b>Sales Tax</b>	06/06 - 07/05	0.75
<b>Total Taxes, Surcharges &amp; Fees</b>		<b>\$14.44</b>

The Broadcast TV fee recovers a portion of the costs of retransmitting television broadcast signals.

Regional Sports Fee recovers a portion of the costs to transmit certain regional sports networks.



## How it Works

- ❖ CST is imposed on the retail sale transaction to the customer
- ❖ Providers (or dealers) collect tax from customers
- ❖ Providers report and remit tax to Department
- ❖ Department distributes tax remitted to various state funds and local jurisdictions





# Stakeholders

- ❖ Consumer (Customer)
- ❖ Providers (Dealers)
- ❖ State
  - ❖ Legislature
  - ❖ Department
- ❖ Local Jurisdictions



# Stakeholders and Responsibilities

## Consumer Responsibility

- ❖ Pay the tax
  - ❖ To dealer
  - ❖ Communications services use tax

## Dealers/Industry Responsibilities

- ❖ Use a method of assigning service addresses to a local taxing jurisdiction and notify the Department, if applicable
- ❖ Determine local taxing jurisdiction for customer service address
- ❖ Properly apply and remit tax
- ❖ Maintain records for audit



# Stakeholders' Responsibilities

## State of Florida

### Legislature

- ❖ Create, change, delete CST laws
- ❖ Estimate revenues



# Stakeholders' Responsibilities

## State of Florida

### Department Responsibilities

- ❖ Collect and distribute tax
- ❖ Review and mathematically verify tax returns to process
- ❖ Distribute tax collected
  - ❖ Distribution adjustments
- ❖ Maintain Address/Jurisdiction Database
- ❖ Audit dealers
  - ❖ Verify amounts collected are reported on the returns
  - ❖ Verify that all charges subject to CST are properly taxed
  - ❖ Verify assignment of services addresses to a local jurisdiction
- ❖ Refund audits and refund determination letters



# Stakeholders' Responsibilities

## Local Government Responsibilities

- ❖ Update the Address/Jurisdiction Database for:
  - ❖ Annexations and new addresses
  - ❖ Address changes due to other jurisdiction boundary changes
  - ❖ Corrections/Changes to addresses
  - ❖ PROVIDE A CONTACT FOR THE DEPARTMENT
    - ❖ WE LOVE TO TALK TO YOU!!
- ❖ Monitor local tax revenue received
  - ❖ CST Local Government Information Sharing Site
    - ❖ Confidentiality Agreement needed



## DOR Resources

- ❖ DOR's New Web and Email Addresses
  - ❖ [www.floridarevenue.com](http://www.floridarevenue.com)
  - ❖ Email: last name.first name@floridarevenue.com
- ❖ Updated CST Webpage
  - ❖ <http://floridarevenue.com/taxes/taxesfees/Pages/cst.aspx>
- ❖ Local Government Information Sharing Page
  - ❖ <https://taxapps.floridarevenue.com/CSTInfoSharing/>
- ❖ PointMatch – Address/Jurisdiction Database
  - ❖ <https://pointmatch.floridarevenue.com/Default.aspx>



# Florida DEPARTMENT OF REVENUE

Local Government CST Information Sharing
[Logout](#)

[Home](#)   [Businesses](#)   [Child Support](#)   [Forms](#)   [Government](#)   [Law](#)   [Property](#)   [Taxes](#)

[Taxes](#) > [Florida Local Government CST Information Sharing](#)

**CONFIDENTIALITY**

[Confidentiality Agreement](#)  
[Confidentiality Requirements](#)

**DISTRIBUTION INFORMATION**

[Jurisdiction Data Download](#)  
[Monthly Report](#)  
[Monthly Reports for Prior Years](#)  
[Summary EFT Deposits](#)

---

[General Explanation](#)  
[Detail File By Jurisdiction](#)

**ADJUSTMENT DISTRIBUTION INFORMATION**

[General Explanation](#)

[2017 Files](#)  
Summary  
Detail  
Timeline

[2016 Files](#)  
Summary  
Detail  
Timeline

[2015 Files](#)  
Summary  
Detail  
Timeline

[2014 Files](#)  
Summary  
Detail  
Timeline

**OTHER INFORMATION**

[Administrative Costs](#)  
[Provider List](#)  
[Revenue Confirmations](#)  
[Vendor Payment History](#)  
[Current County/Municipal Revenue Estimates](#)  
[Local Government Financial Information Handbook \(Prior Year CST Revenue Estimates\)](#)

**Customer Information Bulletins**

---

All Previous Announcements

---

January 31, 2017

---

---

If you have questions about any information in the CST Information Sharing System, please contact the Local Government Unit at 850-717-6630 or by email at [local-govt-unit@dor.state.fl.us](mailto:local-govt-unit@dor.state.fl.us)

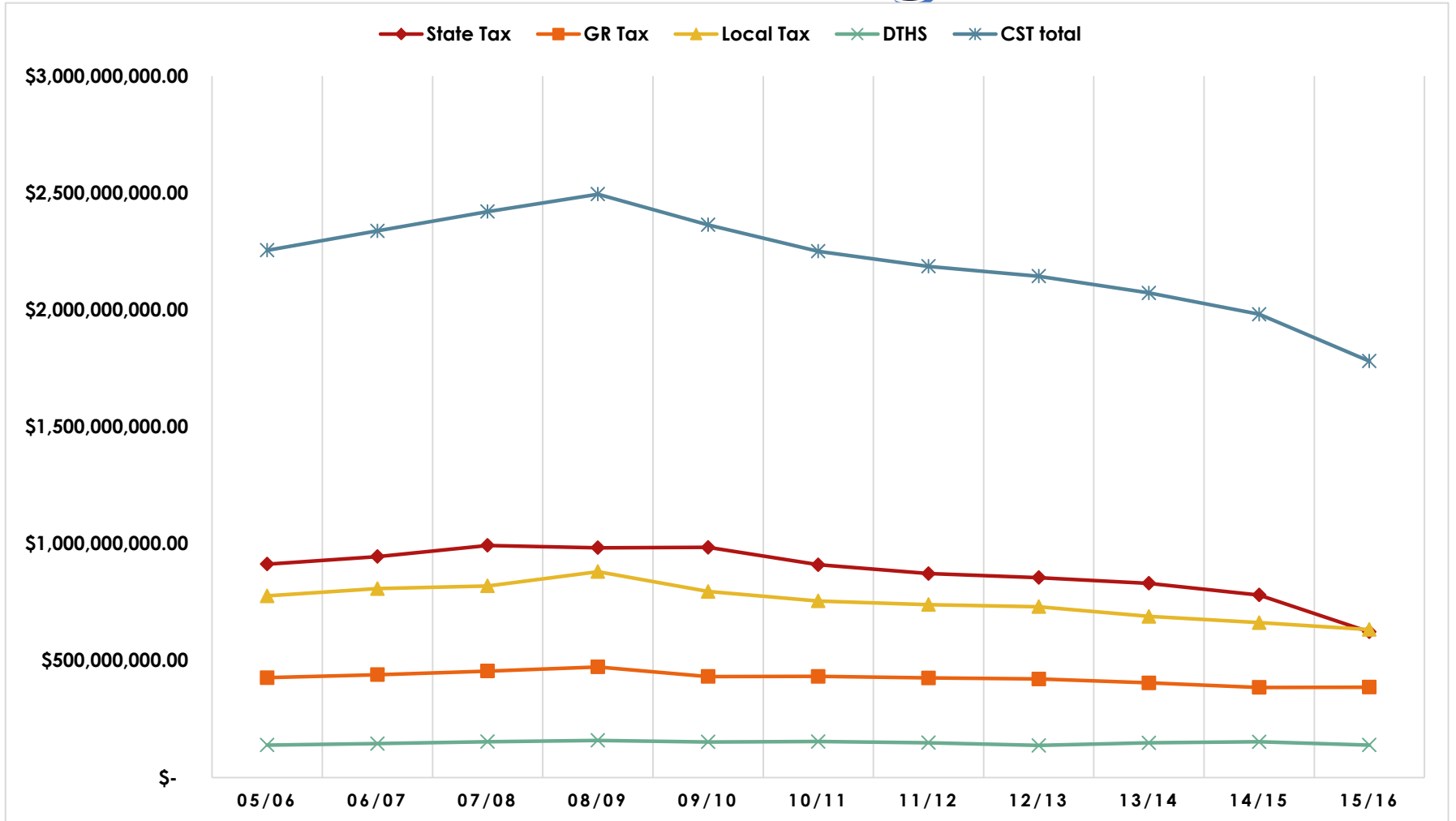
---

Portions of this site may be down for maintenance between the hours of 4 PM and Midnight, Eastern Time, on Sundays.



# Florida DEPARTMENT OF REVENUE

## CST Revenues Through the Years







*Florida*  
**DEPARTMENT OF REVENUE**

## **CST Revenues**

Total CST Revenues for State FY 15/16:  
\$1,841,176,320.59

Revenues Received from Top 30 Filers:  
\$1,630,361,951.83

**88.6% CST Revenues received from 30 Filers**

**Less than 1% of total filers responsible for 88.6% of revenues**



# Legislation

## Historical Legislation

### ❖ 2012

- ❖ Collection Allowance
- ❖ CST Working Group
- ❖ Dealer Liability Under Audit
- ❖ Internet Access Service, Sales Price, and Video Service Definitions
- ❖ Local Tax Reports

### ❖ 2014

- ❖ Information Service, Prepaid Calling Arrangement Definitions

### ❖ 2015

- ❖ Alternative-period Basis Reporting
- ❖ Collection Allowance
- ❖ State Tax Rate Changes
- ❖ Distribution Adjustments (due to rate changes)



# Legislation

## Current Legislation

- ❖ If we look at the impacts of previous legislation, they:
  - ❖ Reduced rates
  - ❖ Changed definitions
  - ❖ Clarifications
- ❖ No bills affecting CST have been filed thus far this year
  - ❖ Last day to file bills: March 7, first day of Session



*Florida*  
**DEPARTMENT OF REVENUE**



For more information  
visit

[floridarevenue.com](http://floridarevenue.com)

Or call

**800-352-3671**