

APRIL 2006

Volume XVI, No. 4

**ATTENTION: CORPORATIONS (INCs)
AND LIMITED LIABILITY
COMPANIES (LLCs):
ANNUAL REPORTS DUE BY MAY 1st**

If you formed a corporation (INC) or a Limited Liability Company (LLC) in the 2005 calendar year or prior, you are required by state law to file an Annual Report with the Florida Department of State before May 1, 2006. The Annual Report is simply the way for you to update the routine information in the State's database about your company like your address, owner/officer information, and your registered agent. No financial or tax information is needed. If you do not have any changes to report, you just simply sign and date the form and return it with a filing fee of \$150 if you are a corporation and \$50 if you are an LLC.

If you have added owners/officers to your business or moved locations, now is the time to tell the State of Florida by reporting it on your Annual Report. This is especially important if you have added an owner who needs to secure a workers' compensation exemption. They cannot apply for an exemption until they are listed as an office on the State of Florida's corporate database. And, if your business is in the construction industry, only 3 corporate officers or LLC owners can be exempt at any one time.

If you do not report changes to your business on your Annual Report, you will have to file an amendment to your Articles, which can be costly. Reporting changes on your Annual Report is free.

If you formed a corporation or Limited Liability Company in 2005, you should have already received a small reminder postcard from the Department of State. You have 3 options on how to file your Annual Report:

- File on-line with a credit card at www.sunbiz.org. Click on "Click here to file your 2005 Annual Report" and follow the instructions. You can simply type in any new officers to add or delete any officers no longer with your company. This method is paperless, and you pay with a credit card at the end of the process. You can print out a receipt for your records when you are finished.
- Download your pre-printed Annual Report from the Department of State at www.sunbiz.org. Click on "Click here to download your 2006 Annual Report form." Print the form, fill it out, make any necessary changes and mail it with a check for your filing fee to the State.
- Mail back the tear-off part of the reminder card that you received from the Department of State and request that they mail your Annual Report to you. Once you get it, fill it out and mail with your filing fee to the State. Please note: this option can take up to 30 days for the State to mail your form to you. This option is not a good choice if you wait until April to begin the annual report process.

Failure to file your Annual Report on time will result in a \$400 late fee and may result in the state dissolving your corporation or LLC. If this happens, you can lose your workers' compensation exemption since your company is no longer in good standing.

Every corporation and LLC formed in 2005 and prior must file an Annual Report. Those corporations and LLCs formed this year (2006) will not have to file their Annual Report until 2007.

If you have any questions about your company's Annual Report, you can contact the Division of Corporations. The number for corporations is 850-245-6056. The number for LLC's to call for information is 850-245-6051.

LEGISLATIVE UPDATE

The 2006 Session of the Florida Legislature began March 7, 2006 and will run for 60 days. We are working on a number of issues important to small businesses to be considered. They include:

- Construction Contracts/Insurance: FUBA is working to prevent general contractors from imposing arbitrary requirements on their subcontractors' insurance policies and holding checks legally due to the subs.
- Jessica Lunsford Act Implementation: FUBA supports fair background screening requirements for school contractors.
- Statewide Minimum Wage Notification/Poster Requirements
- Stopping Lawsuit Abuse: Further reform of Florida's litigation system is a top priority this session and we are working to support legislation that would hold each defendant in a lawsuit accountable for only their portion of damage.
- Constitutional Amendments: Along with a number of other business groups, FUBA believes our current system allows inappropriate issues to be added to the state's Constitution. We support reforms that would make it harder to amend Florida's Constitution.
- Taxes: FUBA is supporting Governor Bush's proposal to completely eliminate the state intangibles tax. We also support efforts to repeal the "by-the-drink" tax restaurants and bars pay on each alcoholic beverage, beer and glass of wine they sell.

FUBA's lobbying team needs your help in making sure lawmakers hear from small businesses when they are voting on legislation. We have created a Legislative Action Team to assist us in passing good legislation, and, just as important, helping us to stop those bills that will hurt your business. If you want to join FUBA's Legislative Action Team today, call Cameron at the FUBA offices at 800-262-4483 or email Culrich@fuba.org.

WHAT TO KNOW WHEN COLLECTING FLORIDA SALES TAX

Florida sales tax is required to be collected according to a "bracket system." When a tax rate in a county is something other than 6 or 7 percent, state law requires the Florida Department of Revenue (DOR) to provide the applicable brackets for the other rate. Bracket cards listing the correct amount of tax to collect are available on the following website:
www.myflorida.com/dor/taxes/dr2x.html.

According to Florida law, rounding up, NOT rounding off, is the correct way to collect sales tax. The law is specific about when to round up to the next whole penny of tax when a fraction of a penny (of tax) is due. For instance, some counties have a half-cent sales tax like 6.5% or 7.5 %. Many taxpayers think the sales tax bracket system only applies to a taxable transaction when the total amount of the transaction is less than one dollar. This is not correct. Brackets must be used when calculating tax on **any** fractional part of a dollar.

On a sale of a single item, there may be a difference of only a penny or two of tax calculated in the bracket system and tax calculated according to a percentage of the sale. These pennies can add up fast if not calculated correctly. If DOR examines or audits a business's records and determines that the business has not collected the correct sales tax according to the bracket system, the business may owe a lot of money in back taxes.

It is important to examine your cash register tapes to make sure the Florida tax bracket rate is programmed correctly. Make sure there are no calculations by flat rate and no calculations by rounding down.

For more information on the sales tax bracket system:

- Call DOR's Taxpayer Services section at 800-352-3671
- Consult the statutes and rules available online at www.myflorida.com/dor/law
- Participate in a free educational seminar by DOR at service centers throughout the state. Go to <http://www.myflorida.com/dor/taxes> and click on "Free tax seminars" or consult your local telephone directory in the government pages under Florida Department of Revenue to locate your local service center.