

JULY 2005

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**ATTENTION RETAILERS:
“HAPPY SHOPPER”
TAX-FREE DAYS ARE
JULY 23 – JULY 31, 2005**

The sales tax holiday is here again. Again this year, no state or local sales tax will be collected on books, clothing, footwear, accessories, and school supplies for 9 days starting Saturday, July 23rd and running through midnight on Sunday, July 31st.

Here are some details about this year’s tax-free days:

- The tax-free days will run from July 23, 2005, to July 31, 2005.
- Tax-free items are books, clothing, footwear, and accessories selling for \$50 or less. Also exempt are school supplies selling for less than \$10.
- To be tax-free, books must be \$50 or less each. Newspapers, magazines, periodicals, and audio books are not considered books and are still taxable.
- To be tax-free, clothes and footwear must be \$50 or less. “Clothing” does not include watches, watchbands, jewelry, umbrellas, or sporting equipment. These items are taxable.
- To be tax-free, school supplies must be \$10 or less each. “School supplies” means pens, pencils, erasers, crayons, notebooks, notebook filler paper, legal pads, composition books, poster papers, scissors, tape, glue or paste, rulers, computer disks, protractors, compasses, and calculators.

Retailers are not required to keep additional or special records for the tax-free days. Simply continue the sales tax records that you normally would keep. Sales of eligible items that are sold tax-free from July 23, 2005 through July 31, 2005, should be reported as exempt sales on your sales tax return for that period.

The Florida Department of Revenue has sent out a detailed Tax Information Publication explaining:

- A detailed list of items that are tax-free and which ones are taxable
- What to do when a set contains both exempt and taxable items
- How to deal with gift certificates.
- How to handle exchanges of tax exempt purchases after the tax-free days are over
- How to do refunds during/after the tax-free days
- How to handle coupons, rebates, discounts, rain checks and layaways
- How to handle tax-free sales in Bay County.

If you would like us to fax you the Department’s Taxpayer Information Publication on the sales tax holiday, please call the FUBA offices and ask for Karen or Lance.

If you have questions about the sales tax holiday, please call the Department of Revenue’s toll-free Taxpayer Assistance line at 1-800-352-3671 between 7 a.m. and 7 p.m. weekdays. Or, you can visit the Department’s website at www.myflorida.com/dor.

DID YOU REMEMBER TO FILE YOUR INTANGIBLE TAX RETURN?

The state of Florida collects an intangible tax on the value of your stocks, bonds, mutual funds and certain other financial assets each January 1st. This annual tax is due no later than June 30th of each year. Businesses, individuals, and married couples are required to pay the tax if they own more than \$250,000 in assets (\$500,000 if a married couple files jointly). Corporations and other legal business entities are required to pay the tax if they own more than \$250,000 in financial assets.

The following assets are **not** subject to the intangible tax: accounts receivable, checking accounts, savings accounts, IRA's, Certificates of Deposit, money market accounts offered through a financial institution, and government bonds.

Currently, the intangible tax is assessed at 1 mill, which means you pay \$1 per every \$1,000 of assets. For the past several years, Governor Bush and Florida's lawmakers have pushed to totally repeal the intangible tax because it punishes good savers. While the tax still exists, it has been lowered over the past several years, and this year lawmakers took another step toward abolishing it. During the recent legislative session, they approved a bill that cuts the rate of the intangible tax in half, from 1 mill to 0.5 mill. This rate reduction will be effective January 1, 2006, for intangible tax due on June 30, 2006.

If you have any questions about the intangible tax, please contact your local accountant or tax professional.

TAX UPDATE FOR AGRICULTURAL BUSINESSES

During the recent session of the Florida legislature, lawmakers approved a bill that eliminates the 2.5% state sales tax that is collected on power farm equipment.

Effective July 1, 2005, the state will no longer charge sales tax on power farm equipment that is used

exclusively in agricultural production on a farm or in forestry and fire prevention work. "Power farm equipment" means moving or stationary equipment that contains within itself the means for its own propulsion or power **and** also moving or stationary equipment that is dependent on an external power source. Generators and power units used to power irrigation equipment are included in the definition of "power farm equipment" and will no longer be taxed.

LEGISLATIVE UPDATE FOR RESTAURANTS

The Florida legislature has approved a bill allowing patrons of restaurants to take home unfinished bottles of wine. The bill, known affectionately as the "Merlot to Go" bill, is effective July 1, 2005 and is designed to reduce driving under the influence of alcohol.

This new law allows a customer to take home one unsealed bottle of wine if the customer has purchased a full-course meal consisting of a salad or vegetable, entrée, a beverage, and bread, as long as the customer has consumed part of the bottle of wine during the meal.

The restaurant must put the wine bottle in a bag or other container so that it would be obvious if the bag has been subsequently opened or tampered with. The restaurant must also attach a dated receipt for the bottle of wine and full-course meal to the container or bag holding the bottle of wine.

Upon leaving the restaurant, the customer must put the container or bag holding the wine in a locked glove compartment, a locked trunk, or, if the motor vehicle does not have a trunk, the area behind the last upright seat.

Each individual restaurant is allowed to decide whether or not to allow customers to take home unfinished bottles of wine; it is not mandatory. Be sure to check with your local establishment to see if they are offering this service.