

GOOD NEWS: DEPARTMENT OF REVENUE NOT IMPOSING PENALTIES ON BUSINESSES UNABLE TO FILE SALES TAX OR UNEMPLOYMENT TAX ELECTRONICALLY

The Florida Department of Revenue (“DOR”) has announced that it will work with taxpayers and tax preparers to help them comply with a state law requiring electronic filing and payment of unemployment taxes, instead of taking a punitive approach.

A 2002 state law requires many taxpayers and tax preparers to begin filing unemployment tax reports and paying unemployment tax electronically starting in April 2003. However, at press time, approximately 60,000 businesses across the state of Florida affected by the law had not yet enrolled to use electronic filing methods.

To reduce the burden of tax compliance on taxpayers and tax preparers, **the DOR will not impose a penalty if taxpayers or tax preparers are not able to electronically file and pay their unemployment tax for the first quarter of 2003.**

Unemployment tax reports (Form UCT-6) for the first quarter of 2003 were due April 1st and are considered late if filed after April 30th. The law requires employers to file unemployment tax reports and to pay tax electronically if they employed 10 or more employees in any calendar quarter during the previous state fiscal year (July 2001 through June 2002).

Tax preparers who prepared and reported unemployment tax for 5 or more employers are also required to electronically file and pay unemployment tax on behalf of their clients.

Also, businesses that collected \$30,000 or more in sales tax from July 2001 through June 2002 are now required to file and pay the sales tax electronically. Department of Revenue officials previously have announced that the DOR would not impose any penalty if taxpayers are now unable to comply with electronic filing requirements for sales tax. This requirement began to affect businesses in February 2003.

During the recent legislative Session, Florida lawmakers approved a bill that would change the electronic filing **for tax preparers only**. Under this new law, tax preparers who prepare and file unemployment tax reports for fewer than 100 clients would not be required to file and pay tax electronically on behalf of their clients. Other electronic filing requirements remain unchanged, including requirements that employers must pay tax and file unemployment tax reports electronically if they employed 10 or more employees in any quarter from July 2001 to June 2002. These employers are still required to electronically file and pay unemployment tax even if their tax preparers are not obligated to e-file and e-pay.

Remember, businesses without the proper computer capability are eligible for a waiver from electronic filing. However, you must still pay the tax electronically, through a computer or the telephone. If you would like to request a waiver form, please call the FUBA offices and ask for Karen or Lance.

For information about complying with requirements to file and pay unemployment tax electronically, please call the Florida Department of Revenue at 1-800-482-8293. For information about requirements to file and pay sales tax electronically, please call 1-800-352-3671. For more information, you may also visit the DOR Internet site at www.myflorida.com/dor.

LEGISLATIVE SESSION WRAP-UP

The 2003 Session of the Florida Legislature adjourned on May 2nd, without agreement on any of the major issues that were discussed during the Session. Not one of the bills important to small businesses was voted into law. Governor Jeb Bush has called lawmakers back to Tallahassee for a Special Session which began on May 12th and is expected to last through Memorial Day. While this Special Session was originally intended to focus solely on approving a state budget, both the Senate and the House of Representatives have expressed interest in broadening the scope of the Session to include other issues such as workers' compensation, auto insurance reform and implementation of the new constitutional ban on smoking in restaurants. We will update you on any bills approved during this Special Session in next month's edition of ISSUES. Below is a summary of the current status of bills important to small businesses.

Taxes:

- **House Bill 137** (by Representative Bev Kilmer, R-Marianna) is the "**Happy Shopper**" Act which exempts certain school supplies and items of clothing from sales tax for 9 days leading up to the start of school in August. This bill died during the Regular Session but has been re-introduced for the Special Session.
- **Senate Bill 18A** (by Senator Skip Campbell, D-Tamarac) deals with **tax administration**. As a way to raise revenue for the state, this bill would significantly increase the interest businesses pay on delinquent taxes. This concept originally died during the Regular Session but has been reintroduced for the Special Session.

Employment Issues:

- **Senate Bill 302** (by Senator Debbie Wasserman Schultz, D-Pembroke Pines) would have allowed workers to collect unemployment benefits when they leave work for the birth or adoption of a child. This bill died during the Regular Session and is not expected to be considered during any special Session.

- **Senate Bill 470** (by Senator Debbie Wasserman Schultz) would extend the time people can receive unemployment benefits and would increase the weekly unemployment benefit amount. This bill also died in the Regular Session and is not expected to re-surface during any Special Sessions.

Smoking in Restaurants:

- During the Regular Session, the House and Senate differed greatly on how to implement the new ban on smoking which was approved by voters last November. Lawmakers have until July 1st of this year to pass a law explaining how the new smoking ban will work. During the Regular Session, the House took an extreme approach and decided to ban smoking in **all** restaurants and bars. The Senate, however, wanted to ban smoking in restaurants but continue to allow smoking in stand-alone bars that serve minimal food. Since the two chambers could not agree during the Regular Session, this issue will have to be decided in Special Session.

Insurance:

- Workers' compensation is one of the most important issues to Florida's small businesses. This system is in dire need of reform. During the Regular Session, lawmakers listened to small businesses and came extremely close to passing a very good bill that would have done improved the system in several ways, including:
 - ❑ Limiting attorney involvement in workers' compensation cases
 - ❑ Bringing more doctors into the system to treat injured workers
 - ❑ Limiting construction exemptions to 3 corporate officers

This bill is currently being debated in Special Session. If you support much-needed reform to Florida's workers' compensation system, call your local Senator and Representative today. Urge them to support House Bill 25-A. If you are unsure who your local lawmakers are, visit the FUBA website at www.fuba.org and click on "Legislative News."