



# Annual Resale Certificate for Sales Tax

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## Guidelines to help business owners determine whether their purchases qualify for resale exemption

**Registration:** If your business will involve taxable transactions, you must register as a sales and use tax dealer before you conduct business in Florida. You can register to collect and/or report tax through our Internet site. The site will guide you through an application interview that will help you determine your tax obligations. If you do not have Internet access, you can complete a paper *Application to Collect and/or Report Tax in Florida* (Form DR-1). After your application is approved, you will receive a *Certificate of Registration* (Form DR-11) and a *Florida Annual Resale Certificate for Sales Tax* (Form DR-13).

**Note:** The information in this brochure applies only to the *Annual Resale Certificate* for Sales Tax. It does not apply to the *Annual Resale Certificate for Communications Services Tax*.

An *Annual Resale Certificate* will allow you to make tax-exempt purchases or rentals of property or services for resale. Examples are:

- Resale as tangible personal property
- Re-rental as tangible personal property
- Re-rental as real property
- Re-rental as transient rental property
- Resale of services
- Incorporation into and sale as part of the repair of tangible personal property by a repair dealer
- Incorporation as a material, ingredient, or component part of tangible personal property that is being produced for sale by manufacturing, compounding, or processing.

### **When You May Not Use an *Annual Resale Certificate*:**

An *Annual Resale Certificate* may not be used to make tax-exempt purchases or rentals of property or services that:

- Will be used rather than resold or rented.
- Will be used before selling or renting the goods.
- Will be used by your business or for personal purposes.

See the chart provided in this publication listing types of businesses and examples of items that may qualify for exemption. If your business activity or product use is not listed, contact Taxpayer Services for more information.

**New Annual Resale Certificates** are issued each year (in early December): *Annual Resale Certificates for Sales Tax* expire on December 31 of each year. Sales tax dealers, who are registered and have active accounts, will receive their new resale certificate inside their sales tax coupon book or in a separate mailing. Newly registered dealers with active accounts will receive their *Annual Resale Certificate* with their *Certificate of Registration*. New dealers who register after mid-October are issued *Annual Resale Certificates* that expire on December 31 of the next calendar year. These certificates are valid immediately.

**Purchaser's Responsibility:** As the purchaser, it is your responsibility to ensure that goods purchased using your *Annual Resale Certificate* are purchased for resale. If the goods purchased for resale are later used (not resold), you are responsible for reporting and paying use tax and the appropriate discretionary sales surtax on the items, plus any applicable penalty and interest.

There are additional liabilities for intentional misuse of a resale certificate. Resale fraud is a third-degree felony subject to a 200 percent penalty. Anyone who, for the purpose of evading tax, uses an *Annual Resale Certificate* or signs a written statement claiming an exemption knowing that tax is due on the property or services at the time of purchase is subject to civil and criminal penalties. As part of the audit process, we routinely examine resale transactions and *Annual Resale Certificates* to ensure that they are legitimate purchases for resale.

**Inactive Registered Dealers and Use Tax Dealers:** *Annual Resale Certificates* are issued only to dealers who have a valid sales tax account and whose registration status is active. A registered dealer who is on inactive status or has only a use tax account will not be issued an *Annual Resale Certificate*.

**Consolidated Registrations:** Purchasers who file returns on a consolidated basis (80-code account numbers) may use a copy of the current *Annual Resale Certificate* for either the consolidated registration number (80-code number) or the active location reported under the consolidated sales number. Selling dealers may accept either copy from the purchaser.

**Seller's Responsibility:** As a seller, you must not accept an *Annual Resale Certificate* if you know or have reason to believe that the goods are being purchased for reasons other than those stated on the certificate. If the purchaser's business is such that the goods purchased would not normally be resold, you must question the use of the certificate. For example, a resale certificate from a car dealership must not be accepted for the purchase of office supplies or similar items not normally sold by car dealerships. Sellers must retain copies of *Annual Resale Certificates* accepted from purchasers, as proof that the purchase was tax-exempt and because the purchaser claimed the goods would be used for the purposes indicated on the certificate.

**Selling Dealer Liability:** A selling dealer who accepts, in good faith, a current signed copy of an *Annual Resale Certificate* will not be held liable for tax on the transaction if it is later determined the purchaser was not an active registered dealer at the time of the transaction.

Type of business	Purchases that may qualify for resale exemption	Purchases that are generally taxable
Restaurants Bars	Disposable “take-out” food containers, paper napkins, plastic eating utensils, soft drinks, and beverages	Dishes, flatware, kitchen utensils, cleaning supplies, office equipment, office supplies, delivery vehicles, kitchen equipment, credit card machines, and menus
Barber shops Beauty salons	Items for resale to customers for off-premises use, including shampoos, hair tonics, brushes, and cosmetics	Items used in serving customers on-site, including shampoo, brushes, cosmetics, cleaning supplies, hair dryers, curling irons, beautician chairs, scissors, combs, shears, office supplies, and office equipment
Car dealers Auto repair shops Service stations	Tires, batteries, auto parts, seat covers, auto paint, antifreeze, nuts, bolts, and oil for resale to customers or for incorporation into repairs	Hand and power tools, machinery, tape, sandpaper, lubricants, solvents, rags, cleaning supplies, office supplies and equipment, free loaner vehicles, delivery vehicles, wreckers, lifts, and diagnostic equipment
Florists Plant nurseries Landscape gardeners	Fertilizers, flowers, shrubs, potting soil, and garden tools for resale to customers on an itemized invoice	Hoses, garden tools, lawn mowers, rakes, office equipment, supplies used in day-to-day operations, and delivery vehicles
Convenience stores	Soft drinks, candy, beer, t-shirts, hats, kitchen supplies, office supplies, household supplies, cleaning supplies, and motor oil for resale to customers	Cash registers, business equipment, cleaning supplies, office supplies, gas pumps, credit card machines, and ATM machines
Pet shops	Items intended for resale rather than use in business operations, including pet food, pet litter, brushes, and pet dishes	Items for use in day-to-day store operations, including pet food, pet litter, pet dishes, cleaning supplies, office supplies, and office equipment
Video rental store	Videotapes, video games, and equipment for resale or rent to the public	Televisions and electronic equipment (unless purchased for rental to customers), cleaning supplies, shelves, office supplies, and office equipment
Service providers, e.g., janitorial services, laundry/dry-cleaning services, attorneys, accountants, architects, doctors, dentists, daycare centers, nursing homes	None. These types of businesses are generally considered to be the end users of products they use in providing service to customers and generally do not qualify for resale exemption	Cleaning supplies, cleaning equipment, office supplies, equipment, books, stationery, computer hardware, software, bandages, mouthwash, toothbrushes, toys, bedding, electronics, service vehicles, and appliances

**Methods for Documenting Sales for Resale:** Selling dealers must document all exempt sales for resale. Dealers may use any one of these methods to document a sale for resale:

**Method 1** – Dealer gets a signed copy of the *Annual Resale Certificate* each year from the purchaser. Selling dealers must not discard certificates from prior years. Dealers must retain all records until sales tax may no longer be assessed under the statute of limitations.

**Method 2** – Dealer gets a transaction resale authorization number. If the purchaser does not present an *Annual Resale Certificate* but knows his or her sales tax number, the selling dealer can get a transaction resale authorization number through either an automated toll-free telephone system or an online verification system.

**By Telephone:** The nationwide toll-free number is 877-357-3725. The selling dealer must key in the purchaser's sales tax certificate number using a touch-tone phone.

**Internet:** Visit our Internet site for the online verification system. The selling dealer must first enter his or her own 13-digit sales tax certificate number. Once this is verified, the selling dealer may then enter up to five customers' sales tax certificate numbers.

Both the telephone and online systems will issue a 13-digit transaction authorization number or alert the selling dealer that the purchaser does not have a valid resale certificate. The transaction resale authorization number is valid for that purchase only, and is not valid for other resale purchases made by the same purchaser. (The selling dealer must get a new transaction resale authorization number for each resale transaction.) The sales invoice, purchase order, or other evidence of the sale must contain the transaction authorization number and this statement, signed by the purchaser: "The purchaser hereby certifies that the property or services being purchased or rented are for resale."

**Method 3** – Dealer gets one copy of the purchaser's *Annual Resale Certificate* for certain on-account or open-account customers. Selling dealers can get a copy of the *Annual Resale Certificate* for the first transaction only, and do not need a new certificate from buyers who purchase on account from a dealer on a continual basis. "Purchase on account from a dealer on a continual basis" means the selling dealer has a continuing business relationship with the purchaser, who makes recurring purchases on account in the normal course of business. A sale "on account" means the dealer extends credit to the purchaser and records the debt as an account receivable, or the dealer sells to a purchaser who has an established or C.O.D. account, similar to an "open credit account." Purchases are made on a "continual basis" if the selling dealer makes sales to the purchaser no less than once every twelve months in the normal course of business.

**Method 4** – Dealer gets a resale authorization number electronically. Selling dealers can get vendor resale authorization numbers for customers by uploading an electronic file of up to 50,000 customer names and numbers to the online verification system on our Internet. Selling dealers can also send an electronic file to us. Once issued, vendor resale authorization numbers are valid through the end of the calendar year. Electronic resale authorization numbers issued during November and December are valid through the end of the next calendar year.

**Expiration Date** → 2010 Florida Annual Resale Certificate for Sales Tax

DR-13A  
R. 01/10

THIS CERTIFICATE EXPIRES ON DECEMBER 31, 2010

Business Name and Location Address

Business Name

Certificate Number

Purchaser's DOR sales tax number

This is to certify that all tangible personal property purchased or rented, real property rented, or services purchased by the above business are being purchased or rented for one of the following purposes:

- Resale as tangible personal property.
- Re-rental as tangible personal property.
- Resale of services.
- Re-rental as real property.
- Incorporation into and sale as part of the repair of tangible personal property by a repair dealer.
- Re-rental as transient rental property.
- Incorporation as a material, ingredient, or component part of tangible personal property that is being produced for sale by manufacturing, compounding, or processing.

This certificate cannot be reassigned or transferred. This certificate can only be used by the active registered dealer or its authorized employees. Misuse of this *Annual Resale Certificate* will subject the user to penalties as provided by law. **Use signed photocopy for resale purposes.**

Presented to: **Seller's Business Name** (insert name of seller on photocopy) (date)

Presented by: **Purchaser signs & dates** Authorized Signature (Purchaser) (date)

**Resale fraud is a third-degree felony.**

**Penalty Statement**

Do not give out your original *Annual Resale Certificate*.  
Make copies, sign, and distribute when you purchase for resale.

## For Information and Forms

Information and forms are available on our Internet site at: [www.myflorida.com/dor](http://www.myflorida.com/dor)

To speak with a Department of Revenue representative, call Taxpayer Services, Monday through Friday, 8 a.m. to 7 p.m., ET, at 800-352-3671.

Persons with hearing or speech impairments may call our TDD at 800-367-8331 or 850-922-1115.

For a written reply to tax questions, write:

Taxpayer Services

Florida Department of Revenue

5050 W Tennessee St Bldg L

Tallahassee FL 32399-0112

## Get the Latest Tax Information

Sign up to get e-mail notices automatically when we post:

- Tax Information Publications (TIPs).
- Facts on Tax, a quarterly publication.
- Proposed rules, notices of rule development workshops, and more.

Sign up at: [www.myflorida.com/dor](http://www.myflorida.com/dor)