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LEGISLATIVE ACTION

Senate	.	House
Comm: RS	.	
03/10/2014	.	
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The Committee on Commerce and Tourism (Simpson) recommended the following:

Senate Amendment (with title amendment)

Delete lines 66 - 153

and insert:

(4) With respect to the payment of taxes on purchases made through a private-label credit card program:

(a) If consumer accounts or receivables are found to be worthless or uncollectible, the dealer may claim a credit for, or obtain a refund of, the tax remitted by the dealer on the unpaid balance due if:



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11 1. The accounts or receivables have been charged off as bad
12 debt on the lender's books and records on or after January 1,
13 2014;

14 2. A credit was not previously claimed and a refund was not
15 previously allowed on any portion of the accounts or
16 receivables; and

17 3. The credit or refund is claimed within 12 months after
18 the month in which the bad debt is charged off by the lender for
19 federal income tax purposes.

20 (b) If the dealer or the lender subsequently collects, in
21 whole or in part, the accounts or receivables for which a credit
22 or refund has been granted under paragraph (a), the dealer must
23 include the taxable percentage of the amount collected in the
24 first return filed after the collection and pay the tax on the
25 portion of that amount for which a credit or refund was granted.

26 (c) The credit or refund allowed includes all credit sale
27 transaction amounts that are outstanding in the specific
28 private-label credit card account or receivable at the time the
29 account or receivable is charged off, regardless of the date on
30 which the credit sale transaction actually occurred.

31 (d) A dealer may use one of the following methods to
32 determine the amount of the credit or refund:

33 1. An apportionment method to substantiate the amount of
34 tax imposed under this chapter which is included in the bad debt
35 to which the credit or refund applies. The method must use the
36 dealer's Florida and non-Florida sales, the dealer's taxable and
37 nontaxable sales, and the amount of tax the dealer remitted to
38 this state; or

39 2. A specified percentage of the accounts or receivables



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40 giving rise to the credit or refund, which is derived from a
41 sampling of the dealer's or lender's records in accordance with
42 a methodology agreed upon by the department and the dealer.

43 (e) For purposes of computing the credit or refund,
44 payments on the accounts or receivables shall be allocated based
45 on the terms and conditions of the contract between the dealer
46 or lender and the consumer.

47 (f) The credit or refund for tax on bad debt may be claimed
48 on any return filed by an entity related by a direct or indirect
49 common ownership of 50 percent or more.

50 (g) The amount of the credit or refund a dealer is eligible
51 to recover under this subsection is limited to the following:

52 1. For amounts charged off during the calendar year ending
53 December 31, 2014, 25 percent of the tax paid to the department
54 which is attributable to bad debt.

55 2. For amounts charged off during the calendar year ending
56 December 31, 2015, 50 percent of the tax paid to the department
57 which is attributable to bad debt.

58 3. For amounts charged off during the calendar year ending
59 December 31, 2016, 75 percent of the tax paid to the department
60 which is attributable to bad debt.

61 4. For amounts charged off on or after January 1, 2017, the
62 full amount paid to the department which is attributable to bad
63 debt.

64 (h) As used in this subsection, the term:

65 1. "Dealer's affiliates" means an entity affiliated with
66 the dealer under 26 U.S.C. s. 1504 or an entity that would be an
67 affiliate under that section if the entity were a corporation.

68 2. "Lender" means a person who owns or has owned a private-



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69 label credit card account or an interest in a private-label
70 credit card receivable that:

71 a. The person purchased directly from a dealer who remitted
72 the tax imposed under this chapter or from the dealer's
73 affiliates, or that was transferred from a third party;

74 b. The person originated pursuant to that person's contract
75 with a dealer who remitted the tax imposed under this chapter or
76 with the dealer's affiliates; or

77 c. Is affiliated in the manner described under 26 U.S.C. s.
78 1504, regardless of whether the different entities are
79 corporations, to a person described in sub-subparagraph a. or
80 sub-subparagraph b. or to an assignee or other transferee of
81 such person.

82 3. "Private-label credit card" means a charge card or
83 credit card that carries, refers to, or is branded with the name
84 or logo of a dealer and can be used for purchases from the
85 dealer whose name or logo appears on the card or for purchases
86 from the dealer's affiliates or franchisees.

87
88 ===== T I T L E A M E N D M E N T =====

89 And the title is amended as follows:

90 Delete lines 6 - 7

91 and insert:

92 uncollectible private-label credit card accounts or
93 receivables; providing limitations