



Secondhand Dealers and Secondary Metals Recyclers

Requirements for Registering with the Department of Revenue and Collecting Sales and Use Tax

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Definitions

Secondhand dealer – Any person, corporation, or other business organization which is not a secondary metals recycler that is in the business of purchasing, consigning, or trading secondhand goods at a fixed location is a secondhand dealer.

Secondhand goods – Any property previously owned or used, but does not include:

- Books
- Clothing
- Coins
- Costume Jewelry
- Motor Vehicles
- Office Furniture
- Organs and Pianos
- Secondhand sports equipment (excluding golf clubs) that is not permanently labeled with a serial number.
- Cardio and strength training or conditioning equipment designed primarily for indoor use.

If you purchase, consign, or trade any previously owned or used items other than those listed above, you may be required to register as a secondhand dealer.

Mail-in Secondhand Dealers – Any person or entity that conducts business within Florida and contracts with other persons or entities to buy precious metals (items that contain gold, silver, or platinum, or any combination thereof) or jewelry through an Internet website, the United States Postal Service, or telemarketing.

Secondary metals recycler – Any person, corporation, or other business organization, operating at a fixed location or otherwise, that gathers or obtains ferrous or nonferrous metals that are converted into raw material products.

- Ferrous metal – Metal containing significant quantities of iron or steel.
- Nonferrous metal – Metal not containing significant quantities of iron or steel.

Pawnbroker – Any person engaged in the business of making pawns; that makes a public display with the words “pawn,” “pawnbroker,” “pawnshop,” or any variation; or who displays a sign or symbol identified with pawns. See Chapter 539, Florida Statutes (F.S.).

Exempt Businesses and Transactions

The following types of businesses and transactions are exempt from Chapter 538, F.S. registration requirements:

Secondhand Dealers

- Governments and nonprofit organizations that hold a valid Florida Consumer's Certificate of Exemption (Form DR-14).
- Internet sales and sales by businesses that primarily buy, sell, or trade motion picture videos and video games (provided they meet certain conditions specified under Chapter 538, F.S.).
- Any auction business defined in section 468.382(1), F.S.
- Pawnbrokers.

Mail-in Secondhand Dealers

- Any person or entity that is available to the public for walk-in business and is regulated under Chapter 538, Part I, F.S. (should be registered as a secondhand dealer).

Secondary Metals Recycler

- Charitable, religious, civic, patriotic, social, or school-sponsored organization or association or any non-profits vendor.
- Vendors that generate regulated materials in the ordinary course of business.

Note: See sections 538.03, 538.22, and 538.31, F.S., for the complete list of exempt businesses and transactions.

What Registrations are Required?

All secondhand dealers, mail-in secondhand dealers, and secondary metals recyclers must complete two registration applications in order to conduct business in Florida:

- *Registration Application for Secondhand Dealers and/or Secondary Metals Recyclers (DR-1S).*
- *Application to Collect and/or Report Tax in Florida (online or paper Form DR-1).*

A pawnbroker must:

- First register with the Florida Department of Revenue as a sales and use tax dealer.
- After receiving a sales and use tax certificate number from the Department of Revenue, contact the Florida Department of Agriculture and Consumer Services to obtain the forms for a Pawnbroker's License, which will cover the secondhand selling of goods. Go to the Department of Agriculture's Internet site at www.800helpfla.com or call 800-435-7352.

Note: Pawnbrokers are not required to complete Department of Revenue Form DR-1S.

How to Register

Step 1 - A business that applies for registration as a secondhand dealer, mail-in secondhand dealer, or secondary metals recycler must go through a background investigation. This includes corporations, sole proprietorships, joint ventures, associations, and any other type of business entity. A completed FBI fingerprint card provided by the Department of Revenue, a full-face

photograph, and a processing fee for each owner, officer, director, or stockholder with a controlling interest must be submitted to us along with Form DR-1S.

To order a registration package (GT-200405), go to www.myflorida.com/dor. The registration package is listed under Form Number GT-200405. The registration package (Secondhand Dlr/Second. Metals) includes one Form DR-1S, three FBI fingerprint cards, and other information. If you need more fingerprint cards, select Form Number GT-200406 [FBI Fingerprint Cards only (pkg of 3)]. Typically, orders are delivered within seven to ten business days. If you do not have Internet access, call Taxpayer Services.

A separate DR-1S application must be completed for each business location. The registration fee is \$6 for each location owned by the same owner or legal entity. You must renew your registration by October 1 of each year; the fee is \$6.

Step 2 - You can register to collect and/or report sales and use tax using our Internet site. The site will guide you through an application interview that will help you determine your tax obligations. Online registration is free. If you do not have Internet access, you can complete a paper Application to Collect and/or Report Tax in Florida (DR-1) and pay a \$5 processing fee. Form DR-1 is available for download on our Internet site.

Registration Reports for Local Law Enforcement

Local law enforcement may ask the Department to send a list of registered secondhand dealers, mail-in secondhand dealers, and secondary metals recyclers in your jurisdiction by calling 850-488-4772.

Local Law Enforcement

Local law enforcement (primarily sheriff and police investigators) is responsible for enforcing secondhand dealer, mail-in secondhand dealer, and secondary metals recycler compliance with registration, holding period, inspection, and recordkeeping requirements (Chapter 538, F.S.).

Penalties

Any secondhand dealer who violates any provision of Chapter 538 commits a first-degree misdemeanor, punishable as provided in section 775.082, F.S., and a fine of up to \$10,000 (section 538.07, F.S.).

Any mail-in secondhand dealer who operates a business without first registering with the Department commits a third-degree felony for each transaction (section 538.36, F.S.).

Any secondary metals recycler who operates a business without first registering with the Department commits a third-degree felony (section 538.23, F.S.).

What is Subject to Sales and Use Tax?

Retail sales of secondhand goods and secondary metals are subject to Florida's sales and use tax, as well as any discretionary sales surtax (county tax). The Florida sales tax rate is six percent (6%); see the *Discretionary Sales Surtax Information* rate chart (Form DR-15DSS) for a list of counties and their local sales tax rates. You must collect the tax from the purchaser at the time of sale. Tax must be separately stated on your sales invoice or any other evidence of sale.

How to File and Pay Sales and Use Tax

We encourage you to use our Internet site to file and pay sales and use tax, or you may buy software from a Department-approved vendor. You must complete an online Enrollment/Authorization to file and pay tax returns electronically. To enroll, go to the

Department's Internet site. Your user information will generally be provided immediately after you successfully enroll. If you choose to file paper sales and use tax returns and pay tax by check or money order, we will mail personalized forms to you after you register.

Reference Material

Tax Laws - Our online Tax Law Library contains statutes, rules, legislative changes, opinions, court cases, and publications. Search the law library for Chapter 538, F.S. information under "All Taxes" and review Rule 12A-17, Florida Administrative Code.

For Information and Forms

Information and forms are available on our Internet site at: 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

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