

Nebraska Sales and Use Tax Guide for Florists

Revised March, 2004

For more information, check our
Web site: www.revenue.state.ne.us



This information guide provides an overview of how Nebraska sales and use tax law applies to florists. It is not designed to answer all questions which might arise, but is intended to enable a person to become familiar with the main applications of the sales and use tax program to this industry.

Overview

Every person engaged in business as a florist in Nebraska is a retailer. All retailers must obtain a Nebraska Sales Tax Permit and collect and remit the appropriate sales tax on all sales, or obtain documentation supporting tax-free sales.

Sales by Florists

Nebraska and applicable local sales tax must be collected on all sales unless the customer provides a properly completed Nebraska Resale or Exempt Sale Certificate for Sales Tax Exemption, Form 13, to the seller.

Delivery location. The delivery location determines the rate of tax the florist must collect on all sales **EXCEPT** wire service orders.

Example: *A customer picks up a bouquet of flowers at the florist's shop. The florist must collect and remit the sales tax at the rate in effect where the shop is located.*

Example: *A customer places an order with a florist in Crete and that florist delivers it to a location in Lincoln. The Crete florist must collect the tax at the rate in effect in Lincoln.*

Wire service orders. Sales tax on FTD or similar wire service orders is collected at the **rate in effect at the location where the customer places the order** regardless of where the order will be delivered.

Example: *A customer places an order with a Lincoln florist for delivery to her mother in Kansas City. The Lincoln florist relays the order to a Kansas City florist to fill and deliver. The Lincoln florist must collect the tax at the rate in effect in Lincoln.*

Example: *A customer places an order with a florist in North Platte for delivery to his sister in Lincoln. The North Platte florist relays the order to a Lincoln florist to fill and deliver. The North Platte florist must collect the tax at the rate in effect in North Platte.*

Transmission charges. Charges for transmitting instructions for arrangement and delivery to another florist who will actually fill the order are not taxable, **PROVIDED** such charges are separately stated.

However, if the florist taking the order from the customer charges the customer **MORE** than the fee charged by the wire service, then the total charge is taxable even if it is separately stated.

Food baskets. When an item is sold that contains both taxable items such as a basket or cutting board, and nontaxable items such as fruit or cheese, the taxability of the item is based on the value of the taxable items versus the total value of the entire item.

If the cost of the taxable item is 10 percent or less of the total cost of the entire item, then the sale is not taxable.

If the cost of the taxable item is more than 10 percent of the total cost of the entire item, then the sale is taxable. The tax is calculated on the total sales price of the entire item sold to the customer. The nontaxable food items **CANNOT** be separately stated with the tax calculated only on the nonfood items.

Gift certificates. Sales tax is not collected on sales of gift certificates. It is collected when the gift certificate is redeemed, and is calculated on the total sales price of the item since the redeemed gift certificate is treated in the same manner as the receipt of money.

Example: *A customer redeems a \$10 gift certificate on a \$25 purchase. Sales tax is calculated on the total \$25 selling price.*

Example: *A customer redeems a \$50 gift certificate on a \$30 purchase. Sales tax is calculated and collected on the total \$30 selling price. The remaining credit from the gift certificate is either given to the customer in cash or used by the customer at a later date. When the remaining credit is used for a future purchase, the sales tax will be collected on the total selling price at that time.*

Exempt sales. The following sales are exempt from sales tax:

- Sales for resale purposes, **PROVIDED** the florist receives a properly completed Nebraska Resale or Exempt Sale Certificate for Sales Tax Exemption, Form 13, Section A, from the purchaser.
- Sales to exempt nonprofit organizations and governmental units, **PROVIDED** the florist receives a properly completed Form 13, Section B, from the purchaser.

Most nonprofit organizations are NOT exempt from sales tax in Nebraska. In addition, not all governmental units are exempt from Nebraska sales tax.

For specific details regarding who is exempt from sales tax, please refer to the following:

- ✓ Nebraska Sales and Use Tax Regulations
 - 1-012, Exemptions
 - 1-090, Nonprofit Organizations
 - 1-091, Religious Organizations
 - 1-092, Educational Institutions
 - 1-093, Governmental Units
- ✓ Information Guides
 - Nonprofit Organizations
 - Governmental Units

- Sales where the florist taking the order from the customer delivers the item to a location outside Nebraska. Delivery may occur through use of the florist's own vehicle, a company owned vehicle, a vehicle owned by the employee, or a common carrier.

Example: *A customer places an order with an Omaha florist to be delivered to a hospital in Council Bluffs, Iowa. The Omaha florist uses a company owned van to make the delivery to Council Bluffs. Nebraska sales tax is not due on that transaction.*

When Nebraska florists make deliveries into other states, they are encouraged to contact that state for information regarding tax collection responsibilities in that state.

Purchases by Florists

Consumable purchases. All items used by florists in the course of their business that are not resold to the customer are taxable. When such items are purchased from Nebraska licensed suppliers, the florist must pay sales tax to the seller at the time of purchase. When such items are purchased from suppliers not licensed to collect Nebraska tax, such as those located outside the state, the florist must remit Nebraska and applicable local consumer's use tax on the cost of such items.

Resale purchases. Florists may purchase tax free all items that will be resold to customers. The florist must give a properly completed Nebraska Resale or Exempt Sale Certificate for Sales Tax Exemption, Form 13, Section A, to the supplier. The following are examples of items that can be purchased tax free:

Flowers, vases, stems, floral tape, wires, styrofoam, boxes, wrapping paper, wreaths, statuary, balloons, note cards, tissue paper.

General Information

Obtaining a permit. A Nebraska Sales Tax Permit is obtained by completing a Nebraska Tax Application, Form 20, and returning it to the Department of Revenue. This form is available on our Web site.

Reporting the tax. Sales tax and consumer's use tax are reported and remitted on the Nebraska and Local Sales and Use Tax Return, Form 10. This return may be filed electronically from our Web site.

Taxpayer assistance. For additional information, please contact the Nebraska Department of Revenue, P.O. Box 94818, Lincoln, NE 68509-4818, or call 800-742-7474 (toll free in NE and IA), or call 402-471-5729.