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Subject: Florida Intangible Tax Repealed
Date: August 30, 2006

To Our Clients and Friends:

Effective January 1, 2007, the Florida annual intangible personal property tax is repealed. The Florida Department of Revenue will continue to assess and collect the tax for all prior open periods.

Prior to the repeal, Florida generally imposed a tax on intangible personal property with a taxable situs in the state. From a corporate perspective, intangible personal property has a taxable situs in Florida when it is owned, managed or controlled by a corporation domiciled in Florida on January 1 of the tax year. A corporation is domiciled in Florida when it is organized in the state, or when it maintains its chief or principal office in Florida where executive or management functions are performed or where the course of business operations is determined.

From a corporate perspective, intangible personal property also has a taxable situs in Florida when it is deemed to have a business situs in Florida (it receives the benefit and protection of Florida laws and courts and it is derived from business transacted in Florida), and it is owned, managed or controlled by a corporation transacting business in Florida, even though the owner can claim a domicile outside of Florida. Business is transacted in Florida when any commercial activity is regularly conducted with customers in Florida from an office or any other business location in Florida, or through agents, employees or representatives in Florida.

If you have any questions regarding the within, or any other state and local tax matters, please do not hesitate to call.

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