

Telecommunications Sales Tax Rates and Taxability

Welcome to the Telecommunications Database

This bulletin provides important information about the September 2022 release of Telecommunications Rates and Taxability. Please review this bulletin carefully. If you have any questions or require more information, please call 1-800-739-9998. You can also submit a ticket at <http://support.cch.com/ticket> or use <http://support.cch.com/chat/salestax>.

New Taxes Added to Telecommunications Database - Effective September 2022

Rohnert Park, CA Utility Users Tax

Pursuant to the enactment of local legislation¹ we are hereby adding a new Utility Users Tax to our database in the city of Rohnert Park, California, effective with this September 1st product release.

To quote the codified provisions of the city's municipal code which establish this new tax:

"There is hereby imposed a tax upon every person using any international, interstate and/or intrastate **telephone communications services** in the City, other than a telephone corporation. The tax imposed by this section shall be at the rate of four percent (4.0%) of the charges made for such **telephone communications services** to residential customers and six percent (6.0%) of the charges made for commercial customers."²

In turn, the term "telecommunication services" is defined as follows:

"**Telecommunication services**" shall mean, in addition to the meaning ordinarily and popularly ascribed to it, without limitation, the transmission of messages or information (including but not limited to voice, data, facsimile, video, text) through the use of the local, toll and wide area telephone service; telegraph, teletypewriter and computer services; cellular telephone services; or any other transmission of messages or information by electronic or similar means through "interconnected service" with the "public switched network" (as those terms are commonly used in the Federal Communications Act and the regulations of the Federal Communications Commission) by wire, cable, fiber-optics, light waves, laser, microwaves, radio waves, switching facilities, satellite or similar facilities, whether such service is provided by a telephone corporation, competitive access provider, private communication service provider, or any other person."³

Please note that as a result of a separate provision contained in Ordinance Number 684, the Rohnert Park UUT is also imposed upon cable services (as captured in our database by Group 5031) and features the same exact dual rate structure applicable to telephone communication services.

To quote the relevant provision:

¹ Rohnert Park, CA Ordinance Number 684.

² Rohnert Park, CA Municipal Code § 5.32.040.A.

³ Rohnert Park, CA Municipal Code § 5.32.020.K.

“There is hereby imposed a tax upon every person using **video services** in the City from a **video service supplier**. The tax imposed by this section shall be at the rate of four percent (4.0%) of the charges made for such **video services** to residential customers and six percent (6.0%) of the charges made for commercial customers.”⁴

In turn, the term “video services” is defined as follows:

“**Video services**” shall mean any and all services related to the providing of **video programming** (including origination programming), including any communications that are ancillary, necessary or common to the use and enjoyment of the video programming, regardless of the content of such video programming or communications.”⁵

Meanwhile, the term “video service supplier” is defined as follows:

“**Video service supplier**” shall mean any person, company, or service which provides one or more channels of **video programming**, including any communications that are ancillary, necessary or common to the use and enjoyment of the video programming (including the leasing of channel access to provide such video programming or communications), to or from an address in the city, including to or from a business, home, condominium, or apartment, where some fee is paid, whether directly or included in dues or rental charges for that service, whether or not public rights-of-way are utilized in the delivery of the video programming or communications.

A “**video service supplier**” includes, but is not limited to, **multi-channel video programming distributors** [as defined in 47 U.S.C.A. Section 522(13)], **providers of cable television**, open video systems (OVS) suppliers, **suppliers of cable television**, master antenna television, satellite master antenna television, multichannel multipoint distribution services, direct broadcast satellite (to the extent allowed by federal law), and **other suppliers of video programming** or communications (including two-way communications), whatever their technology.”⁶

Please note that given the variation in tax rates between residential versus commercial customers, this tax will be captured in our database by Tax Type/Tax Cat 16/03 for commercial customers and by Tax Type/Tax Cat 16/04 for residential customers.

Additionally, please note that this tax is imposed on both landline and wireless telecommunications services, as well as both intrastate and interstate and telecommunications services.

Provisions of the Rohnert Park Utility User Tax

SHOWN ON CUSTOMER’S BILL AS: “LOCAL UTILITY USERS TAX”

- 1. Rate – 4% on residential customers; 6% on commercial customers
- 2. Pass-through of the Fee to Customers – PASSFLAG = 1 (Required)
- 3. Level of Taxation – Tax is on the city level
- 4. Tax-type – 16 = Local Utility Tax
- 5. Tax-cats –
 - 03 = Commercial Customers
 - 04 = Residential Customers
- 6. Base-type – 00 = Consumer - Gross Receipts

⁴ Rohnert Park, CA Municipal Code § 5.32.030.A.

⁵ Rohnert Park, CA Municipal Code § 5.32.0320.M.

⁶ Rohnert Park, CA Municipal Code § 5.32.0320.N.

➤ 7. Effective Date – January 1, 2003

Updates to Current Telecommunications Database - Taxability Changes Effective September 2022

Change to the Taxability Status of Miscellaneous Revenues for Purposes of the Wyoming Universal Service Fund

Among the taxes covered in our database is the Wyoming Universal Service Fund (as captured by Tax Type 26/80). Prior to this month's release, our database reflected that this regulatory surcharge was imposed upon Group 5033 (Miscellaneous Revenues) on the Group level. The impact of this Group-level YES taxability decision was that the Wyoming USF was automatically imposed upon Items 001-003 in Group 5033 which correspond to the following individual transactions:

- Item 001 = Unpublished Number Charge
- Item 002 = Additional Directory Listing
- Item 003 = Detailed Billing Fee

However, based upon a quality assurance review of governing legal sources, it is now our fresh interpretation that such charges are not included within the revenue base of the Wyoming USF. Here is the basis of that fresh understanding:

As per the codified regulation that establishes the revenue base associated with the Wyoming USF:

"For assessment purposes, all companies realizing any retail intrastate revenue from **telecommunications services** in Wyoming are required to quarterly report such gross revenues to the Commission."⁷

The same regulation adds:

"The Fund assessment rate shall apply only to intrastate retail telecommunications service revenues and shall not apply to revenues associated with wholesale services"⁸

Given the fact that Items 001-003 within Group 5033 correspond to monthly recurring charges that are not directly related to the provision of actual telecommunications services, such Items are implicitly not subject to an assessment like the Wyoming USF that is levied upon intrastate revenues that are derived from the sale of (actual) "retail telecommunication services" absent an explicit source to the contrary. In this instance, such an explicit source of law does not appear to exist. Accordingly, on a pure "default level", Items 001-003 in Group 5033 are implicitly excluded from the revenue base of the Wyoming USF.

Such a negative rule is also consistent with the application of tax to Group 5033 for purposes of the Federal Universal Service Fund (as captured by Tax Type 35/80). The restriction of the Federal USF only to Items 004-006 within Group 5033 is based upon the contents of the Form 499-A reporting instructions which recite as follows:

"Gross billed revenues include:

- Account set-up
- Connection
- Service restoration
- Termination"⁹

The examples listed above directly correspond to the following Items in Group 5033:

⁷ Code of Wyoming Rules § 023-0002-5; Section 3(a).

⁸ Code of Wyoming Rules § 023-0002-5; Section 3(d).

⁹ 2022 Instructions to the Telecommunications Reporting Worksheet, FCC Form 499-A; Page 22.

- Item 004 = Customer Account Set-Up Fee
- Item 005 = Expedite Fee
- Item 006 = Termination Fee

The common theme unifying Item 004-006 is that such charges are tangentially related to the provision of actual telecommunication service.

Thus, given the fact that on a purely geographic jurisdictional level the Wyoming USF serves as the Intrastate counterpart to the Federal USF, this assessment should theoretically mirror the revenue base of the Federal USF. In such case, the revenue base of the Wyoming USF should also be limited to Items 004-006 in Group 5033 to the exclusion of Items 001-003.

Accordingly, effective with this month's product release, we are hereby adjusting our database to reflect the fact that the Wyoming USF (as captured by Tax Type 26/80) is not imposed upon Items 001-003 in Group 5033.

Reconfiguration of Tennessee Sales & Use Tax for Purposes of Cable TV & Satellite TV Equipment Rental Charges

Among the taxes covered in our database is Tennessee Sales and Use Tax which is imposed on the state, county and city levels.

Prior to this month's release, our database reflected that such taxes were imposed upon Group 5031 (Cable Services) at the tiered rates applicable to cable television services (as captured by Tax Types 01/45, 02/45, 04/45, U1/45, U2/45 & U4/45) on the Group level.

To quote the statute that establishes these tiered rates captioned "Sales tax on cable and wireless cable television services":

"Commencing on September 1, 1999, state tax at the rate of eight and one-quarter percent (8.25%) on each sale at retail is imposed with respect to fees for subscription to, access to, or use of **television programming** or **television services** provided by a **video programming service provider** offered for public consumption, except such state tax shall not apply to **television programming** or **television service charges** or fees in an amount less than fifteen dollars (\$15.00) provided by a **video programming service provider** offered for public consumption."¹⁰

Meanwhile, a separate provision imposes a more simplified rate structure upon satellite TV services. To quote the statute in question:

"State tax at the rate of eight and one-quarter percent (8.25%) on each sale at retail is imposed with respect to fees for subscription to, access to, or use of **television programming** or **television services** delivered by a **provider of direct-to-home satellite service**."¹¹

This companion set of rate structures is summarized by a bulletin published by the Tennessee Department of Revenue which recites as follows:

"Qualified Cable Television and Wireless Cable Television Service Providers

For billing cycles beginning on or after September 1, 1999, fees in the amount of \$15 or less per month, for subscription to, access to, or use of television programming, provided by a qualified cable television provider or a wireless cable television service provider at a subscriber's location, are exempt from sales and use tax. Monthly charges made to a subscriber that are from \$15.01 up to and including \$27.50 are subject to the state tax rate of 8.25%, and are exempt from local tax. Monthly charges made to a subscriber that are in excess of \$27.50 are subject to the state sales and use tax rate of 6% plus the applicable local tax.

Each subscriber shall receive only one exemption per month for the first \$15 charged for television programming services provided by a qualified cable or wireless cable television service provider."¹²

Based upon a recent quality assurance review of these governing legal sources, it is now our fresh understanding that the tiered rate structure applicable to the sale of cable TV service (as referenced above) only applies to the actual video programming service Items

¹⁰ Tennessee Code § 67-6-226.

¹¹ Tennessee Code § 67-6-227.

¹² Sales & Use Tax Notice captioned "Cable Television, Wireless Cable Television, and Direct-to-home Satellite Services".

contained in Groups 5031 (Cable Service) [i.e., **Items 001-003**] as opposed to any Items that capture the taxability of charges that are not directly related to the provision of actual video programming service.

To quote the statutory provision that imposes Tennessee Sales Tax upon the lease or rental of tangible personal property:

“It is declared to be the intention of this chapter to impose a tax on the sales price of all **leases and rentals of tangible personal property** and computer software in this state where the lease or rental is a part of the regularly established business, or the lease or rental is incidental or germane to the regularly established business. The tax is levied as follows:

At the rate of the tax levied on **the sale of tangible personal property** at retail by § 67-6-202 of the sales price derived **from the lease or rental of tangible personal property**, as defined herein, where the lease or rental of such property is an established business, or part of an established business.”¹³

Accordingly, effective with this month’s release, we are hereby reconfiguring our database to reflect that the tiered rates applicable to cable television services (as captured by Tax Types **01/45, 02/45, 04/45, U1/45, U2/45 & U4/45**) do not apply to the various equipment rental charges contained in Group 5031 (Cable Services) [i.e., **Items 004-006**]. Nor do such tiered rates apply to charges for Additional Premium Cable Outlets (as captured by **Item 007** in Group 5031).

Instead, any equipment rentals charges for cable and satellite TV service (as captured by **Items 004-006** in Group 5031 and **Items 004 & 005** in Group 5042) shall be subject to the tiered rates applicable to the sale and rental of tangible personal property (as captured by Tax Types **01/01, 01/C1, 02/01, 04/01, U1/01, U1/C1, U2/01 & U4/01**) for purposes of Tennessee Sales & Use Tax on the state and local levels.

Updates to Current Telecommunications Database - System Changes Effective September 2022

Geography

The geography content in our data is updated on a monthly basis, with larger quarterly updates. Changes include adding new geocodes, expiring geocodes that are no longer necessary, and remapping ZIP+4s to both existing geocodes and to new ones. For your convenience, a list of expired geocodes is provided below.

FAQ

What is a geocode?

A geocode represents a unique set of state, county, city and tax district areas.

Why do geocodes matter to my company?

Taxes are associated with geocodes, so proper calculation of taxes is dependent on accurate mapping of addresses to geocodes.

What should I do next?

Users do not need to do anything unless they are using mapped geocodes for recurring transactions. Should this be the case, it is strongly recommended that users refresh their mapped geocodes to make sure the proper geocodes will be used for future transactions, as changes other than expired geocodes can impact your tax rate.

How do I find a new geocode if the old geocode is expired or reassigned?

Please pass your address to the system and obtain a proper geocode again. In some cases, the geocode will not change if the address is still within the boundary of the new geographic segments.

Expired geocodes

GeoCode	State	County	BlockDesc	TaxDistrictDescription
US08029A0001	CO	DELTA	CEDAREdge	DELTA PUB SAFETY IMPRV DIST

¹³ Tennessee Code § 67-6-204(a)(1).

US08029A0002	CO	DELTA	CRAWFORD	DELTA PUB SAFETY IMPRV DIST
US08029A0003	CO	DELTA	DELTA	DELTA PUB SAFETY IMPRV DIST
US08029A0004	CO	DELTA	HOTCHKISS	DELTA PUB SAFETY IMPRV DIST
US08029A0005	CO	DELTA	ORCHARD CITY	DELTA PUB SAFETY IMPRV DIST
US08029A0006	CO	DELTA	PAONIA	DELTA PUB SAFETY IMPRV DIST
US08029A0007	CO	DELTA	UNINCORPORATED COUNTY AREA	DELTA PUB SAFETY IMPRV DIST
US0805100000	CO	GUNNISON	UNINCORPORATED COUNTY AREA	GUNNISON LOCAL MARKETING DIST
US22063A0042	LA	LIVINGSTON	ALBANY	LIVINGSTON CO SUB DIST
US35045A0003	NM	SAN JUAN	KIRTLAND	VALLEY WATER AND SANITATION DIST
US3909505732	OH	LUCAS	BERKEY	
US3909533376	OH	LUCAS	HARBOR VIEW	
US3909535882	OH	LUCAS	HOLLAND	
US3909548342	OH	LUCAS	MAUMEE	
US3909558730	OH	LUCAS	OREGON	
US3909559010	OH	LUCAS	OTTAWA HILLS	
US3909575896	OH	LUCAS	SWANTON	
US3909576022	OH	LUCAS	SYLVANIA	
US3909577000	OH	LUCAS	TOLEDO	
US3909500000	OH	LUCAS	UNINCORPORATED COUNTY AREA	
US3909581858	OH	LUCAS	WATERVILLE	
US3909584770	OH	LUCAS	WHITEHOUSE	
US3917368686	OH	WOOD	ROSSFORD	

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