

# Telecommunications Sales Tax Rates and Taxability

## Welcome to the Telecommunications Database

This bulletin provides important information about the March 2023 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>.

## Addition of New Taxes to the Database Effective March 2023

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### Calverton Park, Missouri Local License Tax

Pursuant to our ongoing process of legislative review, we are hereby adding the Calverton Park Local License Tax to our database, effective with this month-end release. This surcharge is imposed at the rate of 8% of gross receipts, and shall be captured by Tax Type, Tax Cat 38/80.

To quote the legislative provision that establishes this tax:

“There is hereby levied and imposed upon all persons now or hereafter engaged in the business of furnishing or supplying light, electricity, electrical service or power, gas or gas service, telephone or telephone service, telephone exchange service, or water or water service to customers within the City a monthly license or occupational tax amounting to the sum of eight percent (8%) of the gross receipts derived from carrying on such business within the City.” (Footnote 1)

### Provisions of the Calverton Park, Missouri Local License Tax

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

Rate – 8% of Gross Receipts

Pass-through of the Fee to Customers – PASSFLAG = 0 (Optional)

Level of Taxation - Tax is on the City level

Tax-type – 38 (Local License Tax)

Tax-cat – 80 (Telecommunications & Utilities)

Base-type – 01 (Seller – Gross Receipts)

Effective date = April 26, 2021

## Updates to Current Telecommunications Database - Taxability Changes Effective March 2023

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### Change to the Taxability Status of Cable TV Service, Internet Protocol TV Service & One-Time Access to Electronic Games for Purposes of the Frisco, Colorado Local Sales Tax

Among the taxes covered in our database is the Frisco, Colorado Local Sales Tax (as captured by Tax Type 04/01). Prior to this month's release, our database reflected that this local variation of Colorado Sales Tax was not imposed upon charges for Cable TV Service (as captured by Items 01-003 & 007 in Group 5031), charges for Internet Protocol TV Service (as captured by Item 001 in Group 5048) or charges for one-time access to electronic games (as captured by Item 005 in Group 5037).

However, based upon the enactment of local legislation (Footnote 2), it is now our fresh interpretation that such charges are now subject to Frisco, Colorado Local Sales Tax. Here are the key provisions that establish such taxability:

#### Cable Television Service

"Sales tax. There is hereby levied a tax or excise upon all sales of tangible personal property and services specified in Section 160-8.9 at a rate of two percent (2%)." (Footnote 3)

As amended by Ordinance Number 23-02, a separate code provision adds:

"The tax levied by Section 160-8.7 shall apply to the following: Upon television and entertainment services sold, purchased, leased, rented, furnished or used, including any equipment rentals furnished as a part of the price or separately stated, if the charge is billed to a person in the town." (Footnote 4)

In turn, the term "Television and Entertainment Services" is defined to mean "audio or visual content that can be transmitted electronically by any means, for which a charge is imposed." (Footnote 5)

Based upon these code provisions, we are hereby updating our database effective with this month's release to reflect that charges for Cable TV Services (as captured by Items 001-003 & 007 in Group 5031) as well as charges for Internet Protocol TV Service (as captured by Item 001 in Group 5048) are subject to the Frisco, Colorado Local Sales Tax (as captured by Tax Type 04/01).

#### Electronic Games

As amended by Ordinance Number 23-02, a separate code provision adds:

"The tax levied by Section 160-8.7 shall apply to the following: "Upon prewritten (canned) software that is sold, licensed for use, subscribed to, leased or rented when delivered electronically or by any other method. Software is deemed to be used within the town if one of the following is true: 1. The end user of the software is engaged in business in the town or resides in the town while using or accessing the software; or 2. The server or other computer equipment upon which the software, electronic files or electronic data reside or are maintained is located within the Town of Frisco." (Footnote 6)

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2 - Town of Frisco, Colorado Ordinance Number 23-02.

3 - Frisco, Colorado Municipal Code § 160-8.7[A].

4 - Frisco, Colorado Municipal Code § 160-8.9[L].

5 - Frisco, Colorado Municipal Code § 160-1.1.

6 - Frisco, Colorado Municipal Code § 160-8.9[M].

Given the fact that it is our long-established policy to equate the one-time accessing of electronic games with the provision of canned software that is electronically delivered to a user, we are hereby applying the Frisco, Colorado Local Sales Tax (as captured by Tax Type 04/01) to Group & Item code 005 in Group 5037, effective with this March 2023 release.

**Change to the Taxability Status of Charges for Electronic Movie Rentals for Purposes of the Florida Communications Services Tax**

Among the taxes covered in our database is the Florida Communications Services Tax (otherwise known as the "Florida CST"). As applied to charges for "video services", the Florida CST is imposed at a rate of 7.44% of Gross Receipts as captured by Tax Types 27/45 & UE/45. (Footnote 7)

Prior to this month's release, our database reflected that Group & Item Code 6032/008 (captioned "Digital Audio-Visual Works - Less Than Permanent Right of Use") was not subject to the Florida CST.

Please note that one real-life example of a transaction that should commonly be mapped to Group & Item Code 6032/008 is a charge for electronic movie rentals that are either streamed or downloaded to a user's device such as a tablet.

However, based upon the contents of an administrative letter ruling issued by the Florida Department of Revenue in 2014, it is now our fresh interpretation that such charges are indeed subject to the Florida CST.

Here is the key excerpt of that ruling that establishes such taxability:

" LAW AND DISCUSSION

Communications Services Tax -- XXXX Video and XXXX Music Services

Chapter 202, F.S., imposes CST on the retail sale of communications services in Florida. "Communications services" are defined, in part, as the transmission, conveyance, or routing of voice, data, audio, video, or any other information or signals to a point or between or among points, regardless of the medium or methods used. (See s. 202.11(1), F.S.) "Video services" are "... the transmission of video, audio, or other programming service to a purchaser, and the purchaser interaction, if any, required for the selection or use of a programming service ... The term includes basic, extended, premium, pay-per-view, digital video, two-way cable, and music services."

Communications services tax is imposed upon retail sales of communications services when the services (1) originate and terminate in Florida, or (2) originate or terminate in Florida and are charged to a Florida service address. (See s. 202.12(1), F.S.) A service address is, for video services, the location where the customer receives the services in this state. (See s. 202.11(14)(b), F.S.)

CST is charged on the "sales price" of the communications service. The "sales price" of a communications service is "... the total amount charged in money or other consideration by a dealer for the sale of the right or privilege of using communications services in this state, including any property or other service, ... which is part of the sale ...." The sales price does not include charges that are not for communications services when such charges may be reasonably identified from the Taxpayer's books and records kept in the regular course of business. (See s. 202.11(13), F.S.)

In the prior TAA, it was determined that the XXXX Video benefit of the XXXX Membership is a communications service and specifically a "video service," and, therefore, taxable, pursuant to Florida law. The TAA advised, based on s. 202.11(13)(b)8., F.S., that the portion of the XXXX Membership charge attributable to the XXXX Video service is subject to CST. The Taxpayer opines that, because, in addition to streaming the digital content, the XXXX Member may now choose to download the digital content, the service is not a communications service.

The XXXX Video service allows a XXXX Member to select and view digital video content on compatible devices. The member may also choose to download digital video content to a compatible device when that option is available. The member may view the content, streamed or downloaded, as many times as it wishes as long as it has paid its XXXX Member subscription.

If the subscription lapses or is cancelled, the member is no longer able to view the digital video content, even if the digital video content was downloaded. The XXXX Video benefit provided to XXXX Members is a digital video service, which pursuant to Florida law, is a

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7 - Tax Type UE/45 is the Use Tax variation of the Florida Communications Services Tax.

communications service and a "video service" for CST purposes. As in the prior TAA, the portion of the XXXX Membership charge attributable to the XXXX Video service is subject to CST when charged to a Florida service address." (Footnote 8)

Based upon our interpretation of Florida DOR Letter Ruling TAA 14A19-006 (which directly lends itself to a fact pattern involving the electronic rental of movie videos), we are hereby updating our database effective with this month's release to reflect that the Florida CST (as captured by Tax Types 27/45 & UE/45) is imposed upon Group & Item Code 6032/008.

## Updates to Current Telecommunications Database - System Changes Effective March 2023

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### Reconfiguration of the Local License Tax in Various Missouri Cities

Among the taxes covered in our database is the Missouri Local License Tax. As our database is currently configured, a set of two main variations of this tax exists as follows:

\* License Taxes coded as Tax Type 38/80 whose tax base is limited to Intrastate landline telecommunications service (thereby excluding mobile and Interstate telecommunications service).

\* License Taxes coded as Tax Type 37/80 whose tax base applies to both Intrastate and Interstate telecommunications service as well as both landline and mobile telecommunications service.

Pursuant to a recent quality assurance review of governing legal sources, we are hereby reconfiguring the Local License Tax in the following cities as Tax Type 37/80 rather than Tax Type 38/80 effective with this March release, the effect of which will be to expand the tax base for these taxes to now include both mobile and Interstate telecommunications service.

1 - Ballwin

2 - Clayton

3 - Glendale

4 - North Kansas City

5 - Olivette

The reasoning associated with this reconfiguration is as follows:

1 – Ballwin, Missouri Local License Tax

"Every person, now or hereafter engaged in the business of furnishing telephone or communication services in the city, shall pay to the city as a license or occupational tax, an amount equal to 7% of the gross receipts derived from such business within the city." (Footnote 9)

"The term "gross receipts" means the aggregate amount of sales and charges relative to the business of supplying telephone or communication services for compensation in the city during the period, less credits, refunds, sales taxes, and uncollectible accounts actually charged off during the period." (Footnote 10)

Given that the term "communication services" is a fairly broad term that typically includes cellular service, such services are implicitly subject to tax.

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8 - Florida Department of Revenue Taxpayer Assistance Advisement (TAA) 14A19-006 (2014 Fla. Tax LEXIS 57) [issued December 19, 2014].

9 - Ballwin, Missouri Municipal Code § 14-206.

10 - Ballwin, Missouri Municipal Code § 14-206.1.

2 – Clayton, Missouri Local License Tax

"Every supplier of telephones and every person engaged in the business of providing telephone and telecommunications services or similar services, whether through wire or wireless transmissions, but excluding direct broadcast satellite services and any similar services which local governments are preempted or prohibited from taxing under applicable Federal or State law, in the City shall pay to the Director of Finance a monthly license fee on or before the 25th of each month for the preceding month at the rate of 8% of the gross receipts derived from the transaction of business in the City for each monthly period following November 1, 1980." (Footnote 11)

Accordingly, wireless telecommunication services are explicitly listed as being subject to tax.

3 – Glendale, Missouri Local License Tax

"Each person, firm or corporation now or hereafter engaged in telecommunication services shall pay to the City a license or occupation tax of 9% of the gross receipts derived by each such person, firm or corporation from such business within the City." (Footnote 12 )

Given that the term "telecommunication services" is a fairly broad term that typically includes cellular service, such services are implicitly subject to tax.

4 – North Kansas City, Missouri Local License Tax

"Every person, their lessees, trustees or receivers appointed by any court whatsoever, owning, operating, controlling, leasing or managing any telephone service or system in the city shall, in addition to all other taxes, payments or requirements required by law or city ordinance, pay to the city a quarter-annual license tax to be due and payable to the city treasurer on or before the thirtieth day of January, April, July and October, respectively, of each year, based upon the business done during the preceding period of three calendar months ending, respectively, on the last days of December, March, June and September." (Footnote 13) "The amount of the quarter-annual license tax required by Section 5.48.020 shall be a sum equal to 5% of the gross receipts derived from the sale of telephone and communications service within the present or future boundaries of the city during the preceding period of three months." (Footnote 14)

Given that the term "communication services" is a fairly broad term that typically includes cellular service, such services are implicitly subject to tax.

5 – Olivette, Missouri Local License Tax

"Every person now or hereafter engaged in the business of selling telecommunications service for compensation for any purpose in the City shall pay to the City, as a license or occupation tax, 10% of the gross receipts from such business in the City, which tax shall be lieu of any other occupation tax required of any person engaged in any of the businesses described in this Article." (Footnote 15)

"Telecommunications Service" = "The transmission of information by wire, radio, optical cable, coaxial cable, electronic impulses or other similar means including, but not limited to, telephone service, local exchange service, local exchange telephone transmission service, exchange telephone service, data transmission service and wireless telephone service." (Footnote 16)

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11 - Clayton, Missouri Municipal Code § 605.250.

12 - Glendale, Missouri Municipal Code § 615.010.

13 - North Kansas City, Missouri Municipal Code § 5.48.020.

14 - North Kansas City, Missouri Municipal Code § 5.48.030.

15 - Olivette, Missouri Municipal Code § 620.110.

16 - Olivette, Missouri Municipal Code § 620.100.

Accordingly, wireless telecommunication services are explicitly listed as being subject to tax.

## Geography

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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
US1307759724	GA	COWETA	PEACHTREE CITY	
US17031A0153	IL	COOK	MATTESON	AUTO MALL BUS DEV DIST / RGNL TRANS AUTH
US17031A0147	IL	COOK	MATTESON	LINCOLN HIGHWAY - CICERO AVENUE DEV BUS DIST / RGNL TRANS AUTH
US17031A0142	IL	COOK	MATTESON	LINCOLN HIGHWAY / GOVERNORS HIGHWAY CORRIDOR BUS DIST / RGNL TRANS AUTH
US17031A0143	IL	COOK	MATTESON	MATTESON GATEWAY BUS DEV DIST / RGNL TRANS AUTH
US17031A0170	IL	COOK	MATTESON	RGNL TRANS AUTH / ROUTE 30 AND HARLEM BUS DIST
US17163A0058	IL	SAINT CLAIR	SHILOH	METRO EAST PARK AND REC DIST / METRO-EAST MASS TRANS DIST / THREE SPRINGS AT SHILOH BUS DIST
US1720359026	IL	WOODFORD	PEORIA HEIGHTS	
US2902943274	MO	CAMDEN	LINN CREEK	
US2902955244	MO	CAMDEN	OSAGE BEACH	
US29029A0034	MO	CAMDEN	OSAGE BEACH	ARROWHEAD CENTRE CID

US29029A0030	MO	CAMDEN	OSAGE BEACH	DIERBERGS OSAGE BEACH TRANS DEV DIST
US29029A0036	MO	CAMDEN	OSAGE BEACH	OSAGE BEACH COMMONS
US29029A0017	MO	CAMDEN	OSAGE BEACH	OSAGE STATION TRANS DEV DIST
US2908373240	MO	HENRY	TIGHTWAD	
US29131A0001	MO	MILLER	OSAGE BEACH	MILLER CO AMB DIST
US29131A0013	MO	MILLER	OSAGE BEACH	MILLER CO AMB DIST / PREWITT POINT TRANS DEV DIST
US29201A0003	MO	SCOTT	BENTON	NORTH SCOTT CO AMB DIST
US29201A0013	MO	SCOTT	BLODGETT	SOUTH SCOTT CO AMB DIST
US29201A0004	MO	SCOTT	CAPE GIRARDEAU	NORTH SCOTT CO AMB DIST
US29201A0005	MO	SCOTT	CHAFFEE	NORTH SCOTT CO AMB DIST
US29201A0006	MO	SCOTT	COMMERCE	NORTH SCOTT CO AMB DIST
US29201A0014	MO	SCOTT	DIEHLSTADT	SOUTH SCOTT CO AMB DIST
US29201A0015	MO	SCOTT	HAYWOOD CITY	SOUTH SCOTT CO AMB DIST
US29201A0007	MO	SCOTT	KELSO	NORTH SCOTT CO AMB DIST
US29201A0008	MO	SCOTT	LAMBERT	NORTH SCOTT CO AMB DIST
US29201A0021	MO	SCOTT	MINER	MINER GATEWAY CID / SOUTH SCOTT CO AMB DIST
US29201A0016	MO	SCOTT	MINER	SOUTH SCOTT CO AMB DIST
US29201A0011	MO	SCOTT	MORLEY	NORTH SCOTT CO AMB DIST
US29201A0017	MO	SCOTT	MORLEY	SOUTH SCOTT CO AMB DIST
US29201A0009	MO	SCOTT	ORAN	NORTH SCOTT CO AMB DIST
US29201A0010	MO	SCOTT	SCOTT CITY	NORTH SCOTT CO AMB DIST
US29201A0018	MO	SCOTT	SIKESTON	SOUTH SCOTT CO AMB DIST
US29201A0012	MO	SCOTT	UNINCORPORATED COUNTY AREA	NORTH SCOTT CO AMB DIST
US29201A0020	MO	SCOTT	UNINCORPORATED COUNTY AREA	SOUTH SCOTT CO AMB DIST
US29201A0019	MO	SCOTT	VANDUSER	SOUTH SCOTT CO AMB DIST
US48121A0032	TX	DENTON	UNINCORPORATED COUNTY AREA	LITTLE ELM LIMITED ANNEXATION 738

US4836716540	TX	PARKER	COOL	
US48409A0006	TX	SAN PATRICIO	CORPUS CHRISTI	CORPUS CHRISTI CRIME CNTL DIST
US55025A0005	WI	DANE	UNINCORPORATED COUNTY AREA	MADISON TOWN

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