

## Federal Language on Communications Taxes

**December 2, 2010 draft**

~~7(b) APPLICATION OF MINIMUM SIMPLIFICATION REQUIREMENTS TO~~  
COLLECTION OF TAXES ON COMMUNICATIONS SERVICES. – The minimum simplification requirements for the Agreement related to taxes on communications services are as follows:

(1) A provision requiring each ~~Each~~ Member State to shall apply the simplification requirements of subsection (a) to sales and use taxes on communications services pursuant to the Agreement provisions on what shall be considered a sales and use tax and how those provisions are applied to communications services.

(2) A provision requiring each ~~Each~~ Member State to shall apply the simplification requirements of subsections (a)(11) and (a)(12) and provide uniform rules and procedures for customer refunds to taxes on communications services.

7(c) GRANT OF AUTHORITY FOR TAXES ON COMMUNICATIONS SERVICES

(1) Each Member State which applies the simplification requirements set forth in Section 315.2 of the Agreement which relate to taxes on communications services, other than sales and use taxes, to one or more types of taxes on communications services is authorized to require all sellers to collect and remit such taxes on communications services with respect to remote sales sourced to that state under the Agreement. Collection authority for such remote sales shall begin on the first day of a calendar quarter at least 6 months after the date the Governing Board certifies such state's compliance with the provisions of the Agreement relating to taxes on communications services. Simplification requirements and the grant of authority to require collection and remittance of such taxes with respect to remote sales shall be applied separately to each type of tax on communications services within a State.

(2) Congress hereby finds that the simplification provisions of Section 315.2 of the Agreement which relate to taxes on communications services under the terms of the Agreement as it exists on (*placeholder for a date before federal bill is passed but after Agreement is amended*) are the minimum requirements necessary to satisfy the requirement of this Act for remote collection authority for taxes on communications services to be granted to states which apply such simplification requirements.

~~(5) Nothing in this act. No inference of legislative construction or intent shall be drawn from the provisions of this act, including the requirements for authorization to require collection of taxes on remote sales, shall be construed to infer legislative findings or intent concerning whether regarding the ability of any state or local taxing jurisdiction has authority under federal law apart from this act, including federal case law or regulatory rules, to require collection of taxes on remote sales of communications services pursuant to existing statutory regulatory or judicial authority.~~

#### 7(d) JURISDICTION WITH RESPECT TO COMMUNICATION SERVICES TRANSACTIONS.

For each member state, taxes on communications services transactions sourced consistent with Section 314 of the Agreement, when also consistent with state law, shall be deemed to be validly applied by the jurisdiction to which the sale is sourced . ; and a A provider of communications services shall be held harmless from liability to said state and the local jurisdictions within that state or purchasers of communications services customer resulting solely from the sourcing of communications services in accordance with this subsection such rules. Any state or local jurisdiction shall be held harmless from liability to purchasers of communications services resulting solely from the sourcing of communications services in accordance with this subsection.

## SEC. 10 DEFINITIONS

(9) COMMUNICATIONS SERVICES – The term “communications services” means “Ancillary services” and “Telecommunications services” as defined in the Agreement.

(10) TAX ON COMMUNICATIONS SERVICES – The specific levies to be considered a “tax on communications services” shall be as provided in the Agreement and interpretive rules of the Agreement.

## SECTION 12 NO INFERENCE REGARDING EXISTING STATE

### AUTHORITY

No inference of legislative construction or intent shall be drawn from the provisions of this act, including the requirements for authorization to require collection of taxes on remote sales, regarding the existence of authority under any other federal or state law, including the Constitution of the United States, for any state or local taxing jurisdiction to require collection of taxes on remote sales.