

**STREAMLINED SALES AND USE TAX AGREEMENT COMPLIANCE REVIEW  
AND INTERPRETATIONS COMMITTEE**  
Interpretive Opinion 2015-3

This Interpretive Opinion recommendation is made to the Governing Board by the Compliance Review and Interpretations Committee this 3rd day of September, 2015, in accordance with Article IX, Rule 902 of the Rules and Procedures adopted by the Streamlined Sales Tax Governing Board, Inc. Ms. Deborah Bierbaum from AT&T requested the interpretation on July 28, 2015. Ms. Bierbaum requested expedited consideration under Streamlined Sales Tax Governing Board (SSTGB) Rule 902, subsection H.

**Issue:**

The issue is whether prepaid wireless calling services as defined in Section 315 and Appendix C of the Streamlined Sales and Use Tax Agreement (SSUTA) include “rollover amounts,” if the wireless provider’s customer replenishes his or her service in advance and carryover the unused data from one month to the next.

**Background Provided by Ms. Bierbaum (Summarized):** Wireless providers are offering prepaid wireless customers the ability to carryover their balance of unused data service that was originally purchased as a prepaid wireless calling service from one month to the next if the customer replenishes their service before the current service period expires. The marketing plan as described effectively offers an amount of additional data service (i.e., the “rollover amount”) when a customer makes a subsequent purchase before the current service period expires. The prepaid wireless calling service and the accompanying “rollover” will decline and expire unless the customer makes the purchase in advance to continue his/her right to utilize the service. The “rollover amount” offered in this marketing plan is the specific amount of unused data that the vendor offers from the initial/earlier purchase that would otherwise expire. The definition of prepaid wireless calling service in Section 315 and in Appendix C of the SSUTA includes the condition that the service “must be paid for in advance and that it is sold in predetermined units or dollars of which the number declines with use in a known amount.” Rule 327.2 further explains that the term “predetermined unit” includes but is not limited to units measured by dollars, events, time or combinations thereof. The “rollover amount” is therefore a part of the rights granted in the “predetermined units” of time that are offered in the subsequent purchase.

**Public Comment:** No written public comments were received. During the teleconference, Mr. Rick Walters (IL) inquired to make sure he had an understanding of the facts. He presented an example in which a person buys 120 minutes of prepaid wireless calling services and data, uses 60 of those minutes and then before the end of the month, purchases another 120 minutes of prepaid wireless calling services and data. He wanted to confirm that what we were talking about was the remaining 60 minutes and unused data. Ms. Bierbaum indicated that it is really just the unused data that they are asking about.

Various other comments were made and questions were asked including whether there is any additional charge for the “rollover amount.” Ms. Bierbaum indicated that there is no additional charge for the rollover amount but the customer knows if they have an amount to rollover and if they prepay for the next month they will get to roll that amount over. If they do not prepay for the next month before the current period expires, the rollover amount is lost. Mr. Walters asked if the amount does not expire, then is this really prepaid? Ms. Bierbaum indicated that the “month” is the unit and that does expire. Tom Atchley (AR) indicated that another way to look at this is that what is rolled over was purchased and already paid for and if you extend, maybe you are really just amending the time period covered by the original transaction. Pat Calore indicated that the language talks about paying in advance and as long as the next month is paid for prior to hitting the expiration (whether due to reaching the end of the month, using up all the data, etc.), when you make the purchase for the next month, you really are just getting more data/minutes for the same price.

**Recommendation:**

By a unanimous vote of the members present, the Compliance Review and Interpretations Committee (CRIC) submits to the Governing Board a recommendation that the interpretation proposed by the requestor be accepted and as such, “prepaid wireless calling service” includes an offer of a specific amount of additional data service characterized as “rollover data” (or similarly worded language) that is added to and included in the amount of predetermined units or dollars that are paid for in advance when a customer makes a subsequent purchase to continue the right to utilize their prepaid wireless calling service.

**Rationale:**

At the time the customer made the initial purchase, the customer purchased prepaid wireless calling services that expired at the end of the month. When the customer purchased prepaid wireless calling services for the next month that included a “rollover amount,” the customer was again purchasing prepaid wireless calling service sold in predetermined units that will decline with use in a known amount. No additional payment is paid for the rollover amount. The customer is just getting more prepaid minutes/data for the same monthly charge.

**Participating Committee Members:**

Myles Vosberg, Tom Atchley, David Steines and Tim Jennrich. Absent were Dan Noble, Senator Wayne Harper and Richard Cram.