

Federal Language on Communications Taxes- Version 2

November 15, 2010 draft

7(b) APPLICATION OF MINIMUM SIMPLIFICATION REQUIREMENTS TO
COLLECTION OF TAXES ON COMMUNICATIONS SERVICES.

(1) Each Member State shall apply the simplification requirements of subsection
(a) to sales and use taxes on communications services.

(2) Each Member State 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.

(3) ~~(2)~~ Each Member State ~~and each non-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 ~~not qualifying for a small seller exception~~ 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.

(4) ~~(3)~~ Congress hereby finds that the simplification ~~requirements~~ 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.

~~(4) A tax on any transaction that is 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 provider of communications services shall be held harmless from liability to any jurisdiction or customer resulting solely from the sourcing of communications services in accordance with such rules.~~

(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(c) JURISDICTION WITH RESPECT TO COMMUNICATION SERVICES TRANSACTIONS.

For each member state and each non-member state, taxes 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 provider of communications services shall be held harmless from liability to said state and the local jurisdictions within that state any jurisdiction or customer resulting solely from the sourcing of communications services in accordance with such rules.

SEC. 10 DEFINITIONS

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

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