

Streamlined Sales Tax Governing Board, Inc.
Compliance Review and Interpretations Committee

INTERPRETATION/DEFINITION REQUEST

Complete each section

1. **Name(s) of Requestor(s):** Deborah Bierbaum

2. **Contact Person:** Deborah Bierbaum

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3. **Agreement Section(s) involved:** Article III, Section 315 Telecommunications Sourcing Definition, Paragraph M. "Prepaid Wireless Calling Service" and Appendix C, Part II, "Prepaid wireless calling service."

4. **Statement of Background Facts** (be succinct): Wireless providers are offering prepaid wireless customers who replenish their service in advance to carry a balance of unused data service forward from one month to the next.

5. **Issue:** Whether this type of offer continues to meet the definition of prepaid wireless calling service in Section 315 for sourcing and Appendix C for taxability. Those definitions are further articulated in the "construction of prepaid definitions" in paragraph I, Rule 327.2 with regard to "predetermined units".

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. 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 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.

6. **Proposed Interpretation:** Prepaid wireless 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 prepaid wireless calling service.

7. **Is expedited consideration requested?** No Yes **If yes, please explain**

why expedited review is requested: This type of offering has recently entered the marketplace. An expedited review is therefore appropriate to help ensure that wireless retailers have proper guidance for applying taxes/fees when selling this product to customers.

A request for interpretation/definition normally requires a minimum 60-day comment period. The comment period may be shortened to 10 days if the Committee grants a request for expedited consideration. See Governing Board Rule 902(D) and (H).

8. Date this Request is submitted: July 28, 2015

The Compliance Review and Interpretations Committee meets by teleconference at 10:00 am central every other Thursday. Their schedule can be found at: www.streamlinedsalestax.org under the meeting calendar.

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