

SECTION 315.1
Tax On Communication Services

A. For purposes of this section, the term “communications services” shall include only “telecommunications services” and “ancillary services” as defined in the Library of Definitions.

(B) For taxes on communications services, a member state must provide:

(1) databases in accordance with the provisions of Sections 305 and 307 containing applicable rates and jurisdictional boundaries.

Discuss the database to make sure everyone understands what this means and what they need to do.

Some states may just need to add other rates for communications services if the boundaries are the same for communication taxes as they are for sales taxes. Other states may need to update both the rates and boundaries. States that were not required to create a rate and jurisdiction boundary database under the Agreement because its local jurisdictions do not impose sales and use tax but do have other taxes on communications services would be required to create a rate and jurisdiction boundary database.

(2) refund procedures consistent with the provisions in Section 325 of the Agreement,

Are states comfortable with what is in 325 for communication taxes, or do we need a separate rule on this?

(3) relief consistent with the provisions set out in Sections 306 and 328 of the Agreement, and

The relief should be consistent with 306 & 328 – for the communications services taxability matrix.

(4) a taxability matrix consistent with Section 328 of the Agreement.

What is to be included on the matrix? This should be discussed with industry. Do states use product terms and definitions different from the Agreement telecommunications and ancillary services definitions for other taxes on communications services? Are additional definitions needed? (For example the term “line” may need to be defined.)

In adopting the requirements of this subsection, a member state shall apply the applicable sourcing rules in Article III of the Agreement.

C B. The Governing Board shall promulgate an interpretive rule pursuant to Section 902 of the Agreement to determine which taxes shall be considered “taxes on communications services” for purposes of this Section. A survey may be needed so states can submit a list of each type of tax (excluding sales and use taxes) on communications services? €. A

member state shall not be required to comply with the provisions of subsection ~~A~~ B of this Section until 2 years after the Governing Board has promulgated the rule required in subsection ~~B~~ C of this Section.