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Sales Tax Applies to Prepaid Calling Cards

OLYMPIA – Feb. 3, 2011 – The Department of Revenue reminds retailers that sales of prepaid phone cards are subject to the sales tax.

The agency has determined through audits and other enforcement efforts that some businesses are not charging the tax.

“We’d want retailers to be aware of this obligation rather than be surprised by being assessed for up to five years of uncollected taxes, plus penalties and interest, if they are audited,” said Gary Davis, manager of the agency’s Taxpayer Information and Education section.

Sales of these cards, also known as telephone debit cards, are popular items at convenience stores, particularly for customers who want to make international calls. Purchasers get an access number or code that enables them to make calls for a given number of minutes.

More information on the taxation of these cards is available through Excise Tax Advisory 3093 available at <http://dor.wa.gov/docs/rules/eta3000/3093.pdf>.

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