

SPECIAL NOTICE

April 29, 2004

For further information contact:
Telephone Information Center
1-800-647-7706 or (360) 486-2345

Alternate Formats (360) 486-2342
Teletype 1-800-451-7985

Place of Sale for Telephone Services

Effective July 1, 2004, RCW 82.32.520 establishes the law for sourcing (determining the taxing jurisdiction) of telephone service for purposes of state and local taxation.

For this notice:

“Place of primary use” means the street address representative of where the customer’s use of the telecommunications service primarily occurs, which must be the residential street address or the primary business street address of the customer. In the case of mobile telecommunications services, “place of primary use” must be within the licensed service area of the home service provider.

Determining where telephone services are sourced is based on the following six categories:

Call-By-Call Basis

“Call-by-call basis” means any method of charging for telephone services where the price is measured by individual calls.

Telephone services (as defined in RCW 82.04.065) sold on a call-by-call basis are sourced to:

- The taxing jurisdiction where the call originates and terminates in that jurisdiction, or
- The taxing jurisdiction where the call either originates or terminates and in which the service address is also located.

Other than Call-By-Call Basis

Except for the telephone services described below and telephone services sold on a call-by-call basis, all other telephone services are sourced to the customer’s place of primary use.

Mobile Telecommunications Services

“Mobile telecommunications services” means commercial mobile radio services, as defined in section 20.3, Title 47 C.F.R. as in effect on June 1, 1999. “Mobile telecommunications service” is commonly referred to as cell phone or wireless service.

Sales of mobile telecommunications services, other than air-ground radiotelephone service and prepaid calling service, are sourced to the customer’s place of primary use.

Prepaid Calling Services

“Prepaid calling service” means the right to access exclusively telecommunications services, which must be paid for in advance and which enables the origination of calls using an access number and/or authorization code, whether manually or electronically dialed, and that is sold in predetermined units or dollars of which the number declines with use in a known amount. For example, calling cards purchased at a retail outlet are a “prepaid calling service.”

A sale of prepaid calling services is sourced as follows:

1. When the service is received by the purchaser at a business location of the seller, the sale is sourced to the business location, that is, at the retail outlet.
2. When the service is not received by the purchaser at a business location of the seller, the sale is sourced to the location where received by the purchaser or the purchaser’s donee.
3. When 1 and 2 do not apply, the sale is sourced to the location indicated by an address for the purchaser that is available from the business records of the seller.
4. When 1, 2, and 3 do not apply, the sale is sourced to the location indicated by an address for the purchaser obtained during the consummation of the sale, including the address of a purchaser’s payment instrument, if no other address is available.
5. When 1, 2, 3, and 4 do not apply, the sale is sourced to the address from which the telephone service was provided.
6. As an option for prepaid mobile telecommunications service not purchased at a retail outlet, the location associated with the mobile telephone number may be used.

Postpaid Calling Services

“Postpaid calling service” means:

- a) the telecommunications service obtained by making a payment on a call-by-call basis either through the use of a credit card or payment mechanism such as a bank card, travel card, credit card, or debit card, or
- b) by charge made to a telephone number which is not associated with the origination or termination of the telecommunications service. For example, a call made from a telephone in a hotel room to a restaurant in another city but billed to the caller’s place of primary use (in this example, the caller’s home number).

- c) a postpaid calling service includes a telecommunications service that would be a prepaid calling service except it is not exclusively a telecommunications service. For example, a prepaid card that may be used at a specific location for the purchase of gasoline and food items as well as for use of a telephone.

A sale of postpaid calling services is sourced to the origination point of the telecommunications signal as first identified by either:

- The seller's telecommunications system, or
- Information received by the seller from its service provider, where the system used to transport such signals is not that of the seller.

Private Communication Services

“Private communication service” means a telecommunications service that entitles the customer to exclusive or priority use of a communications channel or group of channels between or among termination points. This includes switching capacity, extension lines, stations, and any other associated services that are provided in connection with the use of such channel or channels.

A sale of private communication service is sourced as follows:

- Service for a separate charge related to a customer channel termination point is sourced to the jurisdiction in which such customer channel termination point is located.
- Service where all customer termination points are located entirely within one jurisdiction or levels of jurisdiction is sourced in such jurisdiction in which the customer channel termination points are located.
- Service for segments of a channel between two customer channel termination points located in different jurisdictions and which segment of channel are separately charged is sourced fifty percent in each jurisdiction in which the customer channel termination points are located.
- Service for segments of a channel located in more than one jurisdiction or levels of jurisdiction and which segments are not separately billed is sourced in each jurisdiction based on the percentage determined by dividing the number of customer channel termination points in the jurisdiction by the total number of customer channel termination points.

For more information contact the Department of Revenue's Telephone Information Center at 1-800-647-7706.

To inquire about the availability of this document in an alternate format for the visually impaired, please call (360) 486-2342. Teletype (TTY) users please call 1-800-451-7985.