



E911 Retailer Special Notice

Starting October 1, 2015, you're required to collect the enhanced 911 excise (E911) tax on sales of wireless telecommunications services or prepaid wireless telecommunications products. You must begin collecting a tax of \$0.75 per transaction from consumers this October and then report your sales and pay the tax to the Department of Revenue each quarter.

What is a prepaid wireless communications product or service?

A "prepaid wireless communications product or service" is a plan for wireless communications that allows the buyer to use wireless services and is paid for in advance.

Examples of products or services subject to the E911 tax include:

- A wireless handset activated for use with prepaid service.
- Additional prepaid minutes, regardless of whether the purchase is made at a retailer's physical location, online, or over the phone.

Examples of products or services **not** subject to the E911 tax include:

- Phone accessories, such as batteries, chargers, phone covers, etc.
- Ringtones.
- Prepaid minutes from a communications provider sold to a retailer for resale.
- Long-distance phone cards.

Note: For the purposes of this notice, "products" and "services" have the same meaning.

What is a "retail transaction?"

A "retail transaction" is when you sell prepaid wireless telecommunications products or services for any purpose other than resale. There could be more than one retail transaction in a sale.

Examples:

If Allen buys three prepaid cellular phone cards with 50 minutes of service each at a local retailer, he will pay \$2.25 (three cards x \$0.75 per card) in E911 taxes. Each purchase is considered a transaction, even if all three cards are purchased on the same receipt.

If Ilsa buys one prepaid cellular phone card with 150 minutes of service online, she will pay \$0.75 in E911 tax (one card x \$0.75).

If Aaron buys 150 minutes of service online for his phone, he will pay \$0.75 in E911 tax (one sale x \$0.75).

What should I do to prepare?

You must have a way of charging the tax for each sale, itemizing the tax separately on the receipt, tracking the number of transactions within the sale and the tax charged, and reporting the number of transactions and total tax on your return. Whether the payment is taken on a more traditional cash register, an iPad, mobile device or online, the manufacturer of your product should be able to help program your device if needed.

Remember, you must identify and state the amount of the tax separately on the sales receipt. There may be more than one transaction on a receipt; however, the tax may be stated as a total.

How will the tax be reported?

The tax is reported electronically each quarter to the Department of Revenue through our website. Your return is due and payable on the last day of the month following the quarter in which the tax was collected.

As of January 1, 2016, you can sign up for an account with Revenue Online through our website to file your return and pay your taxes. You can also access your tax account and correspond with the department directly.

You can also file and pay on our website without having an account.

When is my first return due?

Your first return is due January 31, 2016. There will be no change to collecting or reporting the E911 tax for sales other than prepaid wireless.

Do I need to register with the Department of Revenue to collect and remit the tax?

Your first return will serve as your registration if you are not already registered as a telecommunications provider.

Will I be compensated for collecting the tax?

You are allowed to reduce the tax reported to the department by 2 percent to compensate for your efforts.