

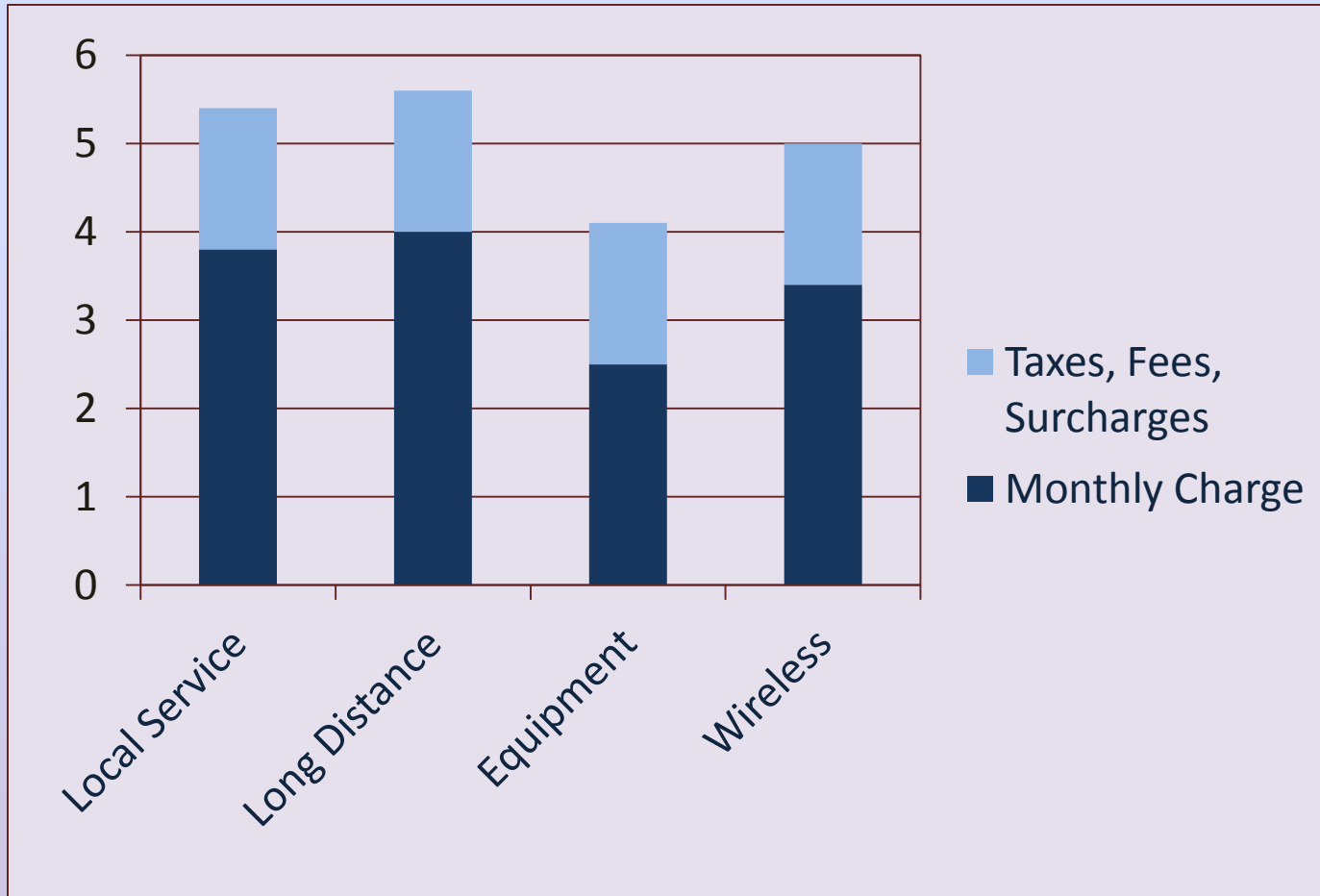
Telecom Audit Training Module

Understanding Telecom Taxes, Fees, and Surcharges



Taxes, Fees & Surcharges

... can add 20-30% to telecom costs!



General Definition

TAX = Any charge collected from telecom users on behalf of a government agency.

- **Federal excise tax**
- **State and local sales/use taxes**
- **Others, including pass-through**
 - *Regulatory fees, surcharges, and credits*
 - *911 and E911 fees*
 - *Universal Service Fund (USF) charges*
 - *Poison Control Fee*
 - *Franchise Fees*
 - *Right of Way*
 - *Others*

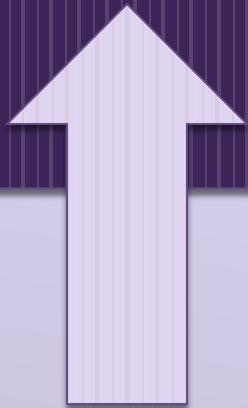


Federal Excise Tax

1898

currently
3% tax on
phone bill

2012



Introduced:

- 1898 – known as *luxury tax*
- imposed on households with phones
- considered long-distance tax

Reintroduced:

- 1914 – to help fund World War I
- 1932 – to help fund national relief programs
- 1941 – World War II:
 - Local service was first taxed

The tax was made permanent by Congress in 1990 under the Revenue Reconciliation Act.



Federal Excise Tax

Does not apply to:

Installation
charges

Internet

News
collection/
dissemination
services

Private
Communication
Services

US Internal Revenue Code, Sections 4251, 4252 and 4253, and IRS Publication 510.



Excise Tax Exempt Organizations

**International
Organizations**

**Nonprofit
Educational
Organizations**

**Nonprofit
Hospitals**

**Federal,
State, and Local
Government**

**American
Red Cross**



Nonprofit Hospital – No Excise Tax



Charter TV

Jun 1 - Jun 30	CB Basic TV	32.05
Jun 1 - Jun 30	CB Expanded Basic TV	74.81
Monthly Charges		\$106.86
Charter TV Services Total		\$106.86

Taxes and Fees

TV	Franchise Fee	5.91
	Municipal PEG Access Fee	0.49
	FCC Admin Fee	0.14
	Michigan Psc Fee	0.02
Taxes & Fees Total		\$6.56

Current Charges **\$113.42**

Total Due by 06/12 **\$113.42**

Nonprofit organizations must pay certain fees.



Excise Tax Exemption Form

Certificate of Exemption From Federal Excise Tax on Communication Services

(*) New () Renewal

ISSUED TO:

The undersigned represents he/she is authorized to execute this certification and hereby claims exemption from taxes imposed by Section 4251 of the Internal Revenue Code under the following provisions: (Check applicable section and provide information where required.)

A. () RESELLER OF COMMUNICATION SERVICES

The undersigned certifies the communication services furnished by the telephone company will be used exclusively in the rendering of a communication service upon which tax is imposed by Section 4251 of the Internal Revenue Code. It is understood that no tax will be collected by the telephone company on charges for said services and it will be the responsibility of the undersigned to collect such tax as may be due from its members and to remit it to the Internal Revenue Service.

B. () GOVERNMENTAL ORGANIZATIONS

The undersigned claims exemption from the tax imposed on all communications service billed to or to be billed the undersigned. The undersigned certifies such exemption is allowable by law because such service is being and will be furnished to and charges will be paid from the funds of (check one):

- .1 () The United States of America (Section 4293)
- .2 () A state government (Section 4253(f))
- .3 () A political subdivision of a state (Section 4253(f))
- .4 () An Indian Tribal Government or political subdivision (Section 4253(f); Section 7871)
- .5 () A public International Organization (Section 4253(c); Section 7701(a)(18)) made tax exempt by Presidential Executive Order No. _____
- .6 () An organization created and specifically made tax exempt by Act of Congress. Public Law No. _____
- .7 () A quasi-governmental organization performing the civic function of: _____

C. () AMBASSADORS, MINISTERS OR OTHER DIPLOMATIC REPRESENTATIVES

The undersigned certifies that he/she is an ambassador, minister or other duly accredited diplomatic representative of a foreign government or is a member of his or her household (excluding servants), and attaché, secretary or clerk. The undersigned further certifies that he/she is a national of the country of the diplomatic mission where employed and is not a citizen nor a permanent resident of the United States in a permanent status.

The undersigned certifies that he/she is an officer of a mission to the United Nations, Secretary in a representative capacity or is a family member living with such an officer.

D. () CONSULAR OFFICERS WHOSE FOREIGN GOVERNMENTS HAVE A TREATY WITH THE USA

The undersigned claims exemption from the taxes imposed on charges billed or to be billed to the undersigned for telephone service without regard to whether the transaction is official or personal. The undersigned certifies that such exemption is allowable by law in accordance with the provisions of the Government's Treaty with the United States and that the undersigned is not engaged in professional business, trade, or commerce and is not a citizen of the United States.

Name of foreign government: _____
Name of Treaty: _____ Date of Treaty: _____

E. () CONSULATES, AGENCIES AND COMMISSIONS OF FOREIGN GOVERNMENTS

The undersigned claims exemption from the taxes imposed on charges billed or to be billed for services used in the performance of office functions for which payment is made by _____

F. () SCHOOL OPERATED AS AN ACTIVITY OF A CHURCH, PARISH OR OTHER RELIGIOUS BODY

The undersigned certifies that the communication services or facilities furnished or to be furnished to the institution will be paid for from the funds of the institution and are for the exclusive use of a school. The school, operated as an activity of the church, parish or other exempt religious body normally has a regularly enrolled body of students in attendance at the place where its educational activities are regularly carried on, and has as its principal function the providing of formal education.

Paid from the funds of: _____

G. () NONPROFIT EDUCATIONAL ORGANIZATION

The undersigned certifies that the communication services or facilities furnished or to be furnished to the organization will be paid from the funds of the organization and are for the exclusive use of the organization in the educational activities which qualify it for exemption from tax under Section 4253(i) of the Internal Revenue Code. The exempt organization normally maintains a regular faculty and curriculum, normally has a regularly enrolled body of pupils or students in attendance at the place where its educational activities are regularly carried on, and has as its principal function the providing of formal education.

The organization claiming exemption under this certificate has received a determination letter (or ruling) from the Internal Revenue Service holding the organization to be exempt from income tax under Section 501(c)(3) of the Internal Revenue Code, or has received such determination letter (or ruling) under the corresponding provisions of prior revenue laws, and the undersigned certifies that it is an "educational organization" as described in Section 170(b)(1)(A)(ii) of the Internal Revenue Code and the attendant regulations. The date of such determination letter (or ruling) is _____ and such determination letter (or ruling) has not been withdrawn or revoked.

H. () NONPROFIT HOSPITAL

The undersigned has received a determination letter (or ruling) from the Internal Revenue Service holding the organization to be exempt from income tax under Section 401(a) of the Internal Revenue Code, or has received such determination letter (or ruling) under the corresponding provisions of prior revenue laws AND the undersigned certifies that it is a "hospital" as defined in Section 170(b)(1)(A)(ii) of the Internal Revenue Code and the attendant regulations. The date of such determination letter (or ruling) is _____, and such determination letter (or ruling) has not been withdrawn or revoked.

Paid from the funds of: _____

I. () COMMON CARRIERS

The undersigned certifies that the amount paid for any toll telephone service described in section 4252(b)(2) is exempt to the extent that the amount so paid is for use by one of the following:

- () Common Carrier (Section 4253(f))
- () Telephone Company (Section 4253(f))
- () Telegraph Company (Section 4253(f))
- () Radio Broadcasting Station or Network (Section 4253(f))

J. () QUALIFIED BLOOD COLLECTOR ORGANIZATIONS

The undersigned certifies that the communication services or facilities furnished or to be furnished to the organization will be paid from the funds of the organization and are for the exclusive use of the organization in the educational activities which qualify it for exemption from tax under Section 4253(j) of the Internal Revenue Code.

The undersigned agrees to notify the provider of communication services in writing when the basis for tax exemption indicated above changes or ceases to exist. The undersigned certifies that the exemption claimed is allowable under applicable law and understands that the fraudulent use of this certificate for the purpose of securing this exemption will subject each and every person to a fine of not more than \$100,000 (\$500,000 for corporations), or to imprisonment for not more than five years, or both, together with the usual penalties for prosecution (IRC Section 7201).

Exempt Organization _____

Address _____

Signature _____ Title _____

Date _____ Federal ID Number: _____

Please list billing account numbers and names (if different than above):

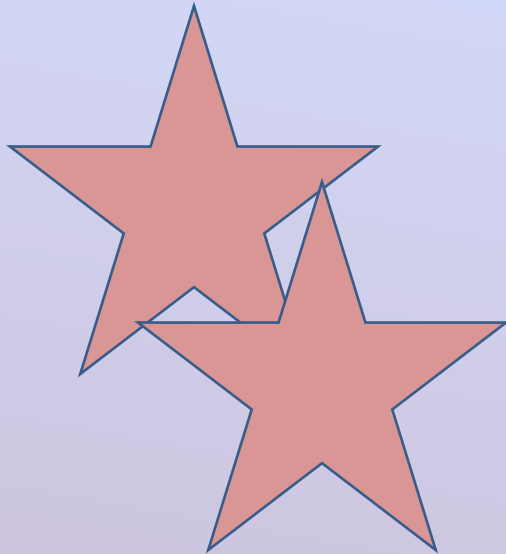
_____	_____
_____	_____
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_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____



Federal Excise Tax

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Withdrawal Form



Certificate to Support Withdrawal of Federal Excise Tax Billed on Charges for Toll Telephone Services Used in the Collection and Dissemination of News by Newspapers, Press Associations, Etc.

I certify that the service charges listed below, which were included in bill rendered by _____, dated _____, relate to toll telephone services utilized exclusively in the collection of news for the public press, news ticker services, or audio or video broadcasting, or in the dissemination of news through the public press or by means of news ticker services or audio or video broadcasting, and were for communications to or from other newspapers, press associations, news ticker services or audio or video broadcasting agencies, or other bona fide correspondents, and that the charges therefore as set forth below are exempt, under Section 4253(b) of the Internal Revenue Code, for the excise tax imposed by Section 4251 of that Code on toll telephone service.

EXAMPLE

	<u>Service Charges</u>	<u>Federal Tax</u>
Message Toll:	\$ _____	\$ _____
Wide Area Telephone Service	\$ _____	\$ _____
Total	\$ _____	\$ _____

Service identification _____ Billing Name _____
Address _____
Signature _____



Federal Excise Tax Refund Claim

- ✓ *File specific exemption for each billed account.*
- ✓ *Call provider (carrier) to request exemption.*
- ✓ *Complete and return paperwork.*
- ✓ *If exemption applies only to certain services, consider re-configuring billing.*



Federal Excise Tax Refund Claim

FORM 8849

Form 8849 (Rev. February 2005)	Department of the Treasury—Internal Revenue Service Claim for Refund of Excise Taxes	OMB No. 1545-1420
Print clearly. Leave a blank box between words.		
Name of claimant	Employer identification number (EIN)	
Address (number, street, room or suite no.)	Social security number (SSN)	
City and state or province. If you have a foreign address, see page 2.	ZIP code	
Foreign country, if applicable. Do not abbreviate.	Month claimant's income tax year ends	
Daytime telephone number (optional)		
<p>Caution: Do not use Form 8849 to make adjustments to liability reported on Forms 720 for prior quarters or to claim any amounts that were or will be claimed on Schedule C (Form 720), Claims, Form 4136, Credit for Federal Tax Paid on Fuels, Form 2290, Heavy Highway Vehicle Use Tax Return, or Form 730, Monthly Tax Return for Wagers.</p>		
Schedules Attached		
Check (✓) the appropriate box(es) for the schedule(s) you attach to Form 8849. Only attach the schedules on which you are claiming a refund. Schedules 2, 3, and 5 cannot be filed with any other schedules on Form 8849. File each of these schedules with a separate Form 8849.		
Schedule 1	Nontaxable Use of Fuels	<input type="checkbox"/>
Schedule 2	Sales by Registered Ultimate Vendors	<input type="checkbox"/>
Schedule 3	Alcohol Fuel Mixtures and Biodiesel Mixtures	<input type="checkbox"/>
Schedule 5	Section 4081(e) Claims	<input type="checkbox"/>
Schedule 6	Other Claims	<input type="checkbox"/>
Sign Here	Under penalties of perjury, I declare (1) that I have examined this claim, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete, and (2) that amounts claimed on this form have not been, and will not be, claimed on any other form.	
	Signature and title (if applicable)	Date

EXAMPLE



Federal Excise Tax Refund Claim

**Schedule 6
(Form 8849)**

(Rev. February 2005)
Department of the Treasury
Internal Revenue Service

Other Claims

▶ Attach to Form 8849.

OMB No. 1545-1420

Name as shown on Form 8849

EIN or SSN

Total refund (total of lines 1-5)
\$

Enter the earliest and latest **dates of the events** included in this claim. Enter in MMDDYYYY format.

Earliest date ▶ _____ Latest date ▶ _____

Tax	Amount of refund		CRN
1	\$		
2			
3			
4			
5			

Use the space below for an explanation of each tax claimed.



State & Local Sales Use Tax

Sales Tax

- *Tax on the sale at retail (sale to end user) of tangible personal property (an item that is perceptible to the senses) and certain taxable services.*
- *The percentage varies by state and jurisdiction.*

Use Tax

- *Tax on storing, using, consuming, and sometimes distributing tangible personal property or providing a taxable service.*
- *The use tax is collected in the state where the event occurs.*



Exemptions on Sales & Use Tax

USER

- ❖ Most Federal, State and Local Governments/Agencies
- ❖ Non-profit Educational Organizations
- ❖ Religious Institutions
- ❖ Others with special exemption

TYPE OF SERVICE

- ❖ Ancillary Services
- ❖ WATS
- ❖ Internet Service
- ❖ Teleconferencing Service

States are beginning to change exemptions.



State/Local Sales & Use Tax -- Exemption Form

Michigan Department of Treasury
Form 3372 (Rev. 8-05)

Michigan Sales and Use Tax Certificate of Exemption

DO NOT send to the Department of Treasury. Certificate must be retained in the Seller's Records.

This certificate is invalid unless all four sections are completed by the purchaser.

SECTION 1: TYPE OF PURCHASE

- One-time purchase
Order or Invoice Number: _____
- Blanket certificate Recurring business relationship

The purchaser hereby claims exemption on the purchase of tangible personal property and selected services made from the vendor listed below. This certifies that this claim is based upon the purchaser's proposed use of the items or services, OR the status of the purchaser.

Vendor's Name and Address

SECTION 2: ITEMS COVERED BY THIS CERTIFICATE

Check one of the following:

1 All items purchased

2 Limited to the following items: _____

SECTION 3: BASIS FOR EXEMPTION CLAIM

Check one of the following:

1 For Resale at Retail. Enter Sales Tax License Number: _____

2 For Lease. Enter Use Tax Registration Number: _____

The following exemptions DO NOT require the purchaser to provide a number:

3 For resale at wholesale

4 Agricultural Production Enter percentage: _____%

5 Industrial Processing Enter percentage: _____%

6 Church, Government Entity, Nonprofit School, or Nonprofit Hospital (Circle type of organization)

7 Nonprofit Internal Revenue Code Section 501(c)(3) or 501(c)(4) Exempt Organization (must provide IRS authorized letter with this form)

8 Nonprofit Organization with an authorized letter issued by the Michigan Department of Treasury prior to June 1994 (must provide copy of letter with this form)

9 Rolling Stock purchased by an Interstate Motor Carrier

10 Other (explain): _____

SECTION 4: CERTIFICATION

I declare, under penalty of perjury, that the information on this certificate is true, that I have consulted the statutes, administrative rules and other sources of law applicable to my exemption, and that I have exercised reasonable care in assuring that my claim of exemption is valid under Michigan law. In the event this claim is disallowed, I accept full responsibility for the payment of tax, penalty and any accrued interest, including, if necessary, reimbursement to the vendor for tax and accrued interest.

Type of Business (see codes on page 2)

Hospital

Business Name

Business Address

City, State, ZIP Code

EXAMPLE



Federal Access Charge

The charge has many names:

- ✓ End User Common Line Charge
- ✓ Federal Subscriber Line Charge
- ✓ FCC Authorized Line Charge
- ✓ Interstate Access Charge
- ✓ Federal Access Charge
- ✓ 9ZR (the USOC code)
- ✓ FCC Access Charge

Began by 1984 as part of a federal plan to reduce per-minute long distance rates.

It is the price consumers pay to process interstate calls through the local carriers' equipment.

The charge is regulated and capped by the FCC. It is not a government tax.

\$9.20 cap for business lines



Federal Subscriber Line Charge

Surcharges and Other Fees

6. Federal Subscriber Line Charge		42.40
7. 911 Fee		12.16
8. State Cost-Recovery Fee		2.79
9. Federal Universal Service Fee	at&t puts the Federal Subscriber Line Charge under the surcharges on a bill.	6.68
10. Texas Universal Service		12.38
11. Municipal right-of-way Fee		54.80
Total Surcharges and Other Fees		131.41

Taxes

12. Federal		14.12
13. State and Local		39.32
Total Taxes		53.44



FCC Authorized Line Charge



Regulatory Taxes and Surcharges:

Description

Carrier Access Fee	29.64
E911 Operational Surcharge County Commission	8.72
E911 Technical Charge	1.12
<u>FCC Authorized Line Charge</u>	<u>67.57</u>
FCC Regulatory Fee (Wireline)	0.80
Fed Universal Service Fund	33.32
FUSF (VoIP)	0.00
Local Number Portability Fee	26.60
Telecommunications Relay Service Surcharge	0.72
Total Regulatory Taxes and Surcharges	168.49

This CLEC refers to the Federal Access Fee as FCC Authorized Line Charge. They bill it under taxes and surcharges.



Federal Subscriber Line Charge

Plans and Services

Monthly Service - Oct 15 thru Nov 14

1. Basic Local Service-Residence	20.00
2. Non Published Listing	5.50
3. Toll Restriction	5.00
4. Touchtone	.18
Total Monthly Service	30.68

Additions and Changes to Service

This section of your bill reflects charges and credits resulting from account activity.

Item No.	Description	Quantity	Monthly Rate	Amount Billed
Activity on Oct 1, 2010 (Monthly Charges are Prorated from				
5.	Federal Universal Service Fee	1		.02CR
6.	Federal Subscriber Line Charge	1		.02CR
Total Additions and Changes to Service				.04CR

Surcharges and Other Fees

7.	Federal Subscriber Line Charge			5.26
8.	911 Fee			.50
9.	Federal Universal Service Fee			.67
10.	Texas Universal Service			.86
11.	Municipal right-of-way Fee			1.70
Total Surcharges and Other Fees				8.99

Taxes

12.	Federal Excise Tax			1.01
13.	Federal (Non-regulated & Toll Charges)			.00
14.	State and Local (Local Charges)			2.44
15.	State and Local (Non-regulated & Toll Charges)			.00
Total Taxes				3.45

Total Plans and Services **43.08**

Amount Subject to Sales Tax: 33.67

at&t charges \$5.26 for the Federal Subscriber Line Charge on a residence line.



End User Common Line (EUCL) Charge

Current Charges for Service Location		Current Charges
Quantity		
000380245		
Local Telephone Services - Monthly Charges	1 @ \$1.18	1.18
Administrative Support Charge	1 @ \$9.20	9.20
EUCL	1 @ \$0.28	0.28
Local Number Portability Telephone Line	1 @ \$23.00	23.00
Total		33.66
Total Current Charges by Service Location		33.66
000380409		
0822		
Local Telephone Services - Monthly Charges	7 @ \$1.18	8.26
Administrative Support Charge	7 @ \$9.20	64.40
EUCL	7 @ \$0.28	1.96
Local Number Portability Telephone Line	7 @ \$23.00	161.00
Total		235.62
Local Telephone Services - Usage	766 Calls	0.00
Local Usage	11:54:40 hh mm:ss	0.00
Total		0.00
Total Current Charges by Service Location		235.62

The EUCL is billed at \$9.20, the highest charge allowed by tariff.



FCC Subscriber Line Fee



Account No:

Billing Date:

Invoice No:

SERVICE CHARGES

Description	Quantity	Amount
Business Rotary Line - Rate Group 8 (11/01/2010 thru 11/30/2010)	1	31.37
FCC Subscriber Line Fee - Multi Line (11/01/2010 thru 11/30/2010)	1	9.20
Call Forward Fixed - No Answer (11/01/2010 thru 11/30/2010)	1	2.70
Hunting Line Services (11/01/2010 thru 11/30/2010)	1	2.50
Touchtone (11/01/2010 thru 11/30/2010)	1	1.17
Expanded Local Calling Surcharge (11/01/2010 thru 11/30/2010)	1	0.13
Total		47.07

SERVICE CHARGES

Description	Quantity	Amount
Business Rotary Line - Rate Group 8 (11/01/2010 thru 11/30/2010)	1	31.37
FCC Subscriber Line Fee - Multi Line (11/01/2010 thru 11/30/2010)	1	9.20
Call Forward Fixed - No Answer (11/01/2010 thru 11/30/2010)	1	2.70
Hunting Line Services (11/01/2010 thru 11/30/2010)	1	2.50
Touchtone (11/01/2010 thru 11/30/2010)	1	1.17
Expanded Local Calling Surcharge (11/01/2010 thru 11/30/2010)	1	0.13
Total		47.07

SERVICE CHARGES

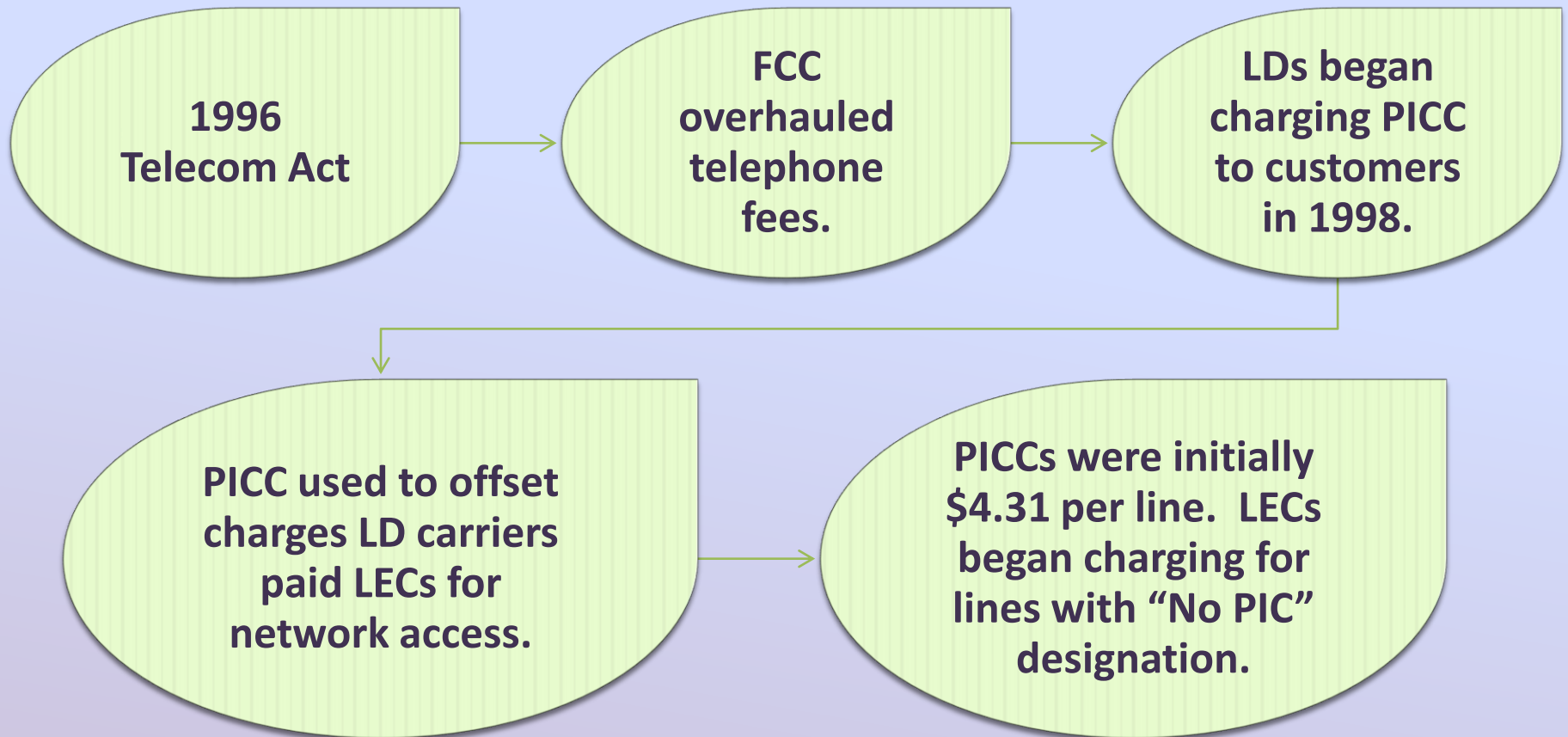
Description	Quantity	Amount
Business Line (11/01/2010 thru 11/30/2010)	1	24.00
Federal SLC - Single Line (11/01/2010 thru 11/30/2010)	1	6.50
Total		30.50

The FCC Subscriber Fee is billed at \$9.20 on hunt lines and \$6.50 on single lines.



The PICC (pixie)

PRIMARY INTER-EXCHANGE CARRIER CHARGE



The PICC (pixie)

PRIMARY INTER-EXCHANGE CARRIER CHARGE

Customer phone bills increased dramatically the month after PICCs began.

PICC became negotiation tool in LD contracts. Credits were given for charges.

Charges reduced over time. PICCs ended for residence and single business lines in 2000.

PICCs are still billing on business accounts in 2012. LECs and CLECs charge highest fees.



The PICC

PRIMARY INTER-EXCHANGE CARRIER CHARGE

The charge has various names:

Presubscribed Inter-exchange Carrier Charge

Presubscribed Line Charge


Regulatory Related Charge

National Access Fee

Carrier Line Charge




PICC Example



Account Number : 0209
Invoice: 254367026

<u>Line Backer</u>	0.00
<u>Regulatory</u>	
FCC End User Common Line Charge	30.32
LNP per line	1.72
Picc	17.12
Subtotal:	49.16



- ❖ CLECs tend to charge more for PICCs than incumbent carriers.
- ❖ The highest fee charged were in 1998 at \$4.31 per line.
- ❖ Granite is charging \$4.28 each, for four lines.



PICC Example



Regulatory Taxes and Surcharges:

Description

Description	
Carrier Access Fee	29.64
E911 Operational Surcharge County Commission	8.72
E911 Technical Charge	1.12
FCC Authorized Line Charge	67.57
FCC Regulatory Fee (Wireline)	0.80
Fed Universal Service Fund	33.32
FUSF (VoIP)	0.00
Local Number Portability Fee	26.60
Telecommunications Relay Service Surcharge	0.72
Total Regulatory Taxes and Surcharges	168.49

- ❖ The Carrier Access Fee is another name for the PICC.
- ❖ Clear Rate charges \$3.21 per line for the PICC.



PICC Example

LECs charge PICCs:

1. Lines that have no LD carrier designated.
2. Lines with no calling on bill.
3. Lines using the LEC for long distance.

verizon

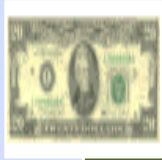
Telephone Number : 912-...
Account Number: 908 L...92

Verizon Long Distance

1 Federal Access Charge			
Line: 908 8 015	M-07/21/03	1.85	
2 Federal Access Charge			
Line: 908 8 016	M-07/21/03	1.85	
3 Federal Access Charge			
Line: 908 8 017	M-07/21/03	1.85	
4 Federal Access Charge			
Line: 908 8 278	M-07/21/03	1.85	
5 Federal Access Charge			
Line: 908 8 371	M-02/13/07	1.85	
6 Federal Access Charge			
Line: 908 8 644	M-02/13/07	1.85	
7 Federal Access Charge			
Line: 908 8 295	M-09/27/02	1.85	
8 Federal Access Charge			
Line: 908 8 815	M-09/27/02	1.85	
9 Federal Access Charge			
Line: 908 8 816	M-09/27/02	1.85	
10 Federal Access Charge			
Line: 908 8 819	M-09/27/02	1.85	
11 Federal Access Charge			
	M-09/27/02	1.85	

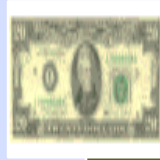


Universal Service Fund Charge



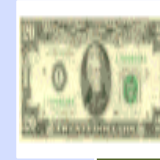
USF

- *FCC began USF charge to subsidize telephone service to low-income and high-cost areas.*



USF

- *Telecom Act of 1996 expanded USF charge to include rural healthcare, schools and libraries.*



USF

- *Today's USF charge supports all four areas.*
- *Charges are on local and long distance bills.*



Regulatory Cost Recovery Fee

Regulatory Cost Recovery Fee:

a fee assessed to recover some of the charges the government imposes on the carriers:

- Telephone Relay Service
- FCC Assessment Fee
- North American Numbering Plan

A.K.A

ALL EXPENSES PAID BY CONSUMER FEE

It also covers other costs associated with administering the FCC programs and compliance.



Federal Regulatory Fee



AT&T Business Service Guide

Effective: 12/01/09

Version: 1

Federal Regulatory Fee

Federal Regulatory Fee

Beginning with bills dated on or after December 1, 2009, the Federal Regulatory Fee applied to all interstate and US billed international charges to *recover amounts paid for federal regulatory costs and telecommunications services for the hearing impaired* will be increased to 2.95%. The AT&T Business Services Guide will be revised to reflect this revision.



E911 Tax

This tax is on the LEC bill.

It helps support the equipment needed to allow 911 responders to know the exact location of an emergency call.



Other Surcharges and Fees

Poison Control Fee: A Texas fee that supports the poison control centers.

Cost Recovery Charge: A charge to compensate carrier for energy and fuel expenses associated with network maintenance & related wholesale costs.

NY Metropolitan Transit Authority Surcharge

Franchise Tax: A tax paid to the city for use of the cities resources.

County Tax: A tax paid to the county for use of the county's resources.



Tax and Fee Example



Invoice Date 06/01/2009
Account Number 61
Sub Account Number 61
Invoice Number 51

Communications Invoice

Customer Service 503-663-7747 or 800-727-8464

Description of Charges (continued)

Long Distance

Number	Description	Calls	Minutes	Total Charge
360-737-2531	Directory Assistance 411	1	0.0	\$1.95
360-737-87	Directory Assistance 411	1	0.0	\$1.95
Sub Total		2	0.0	\$3.90

Taxes and Surcharges

Description	Total
County E911	\$3.00
Federal Excise Tax	\$3.97
Federal Universal Fund Surcharge	\$4.64
Local Sales Tax	\$3.24
Local Utility Users Tax	\$8.67
State E911	\$1.20
State Sales Tax	\$12.37
State Telecom Assistance Service Fund	\$0.78
State Telecom Relay Service	\$0.72
Sub Total	\$38.59

County E911
 Federal Excise Tax
 Federal Universal Fund Surcharge
 Local Sales Tax
 Local Utility Users Tax
 State E911
 State Sales Tax
 State Telecom Assistance Service Fund
 State Telecom Relay Service

14% Tax

Total Charges

\$215.79



Tax and Fee Example



CenturyLink™

Page 2



For questions, call 1 800 777-9594

% TELCON

Bill Date:

Sep 28.1

Bill From Colorado

TOTAL AMOUNT DUE

\$560.60

A balance over \$45.00 left unpaid 30 days after bill date is subject to a 1.0% late payment charge.

New Charges

	Local and Other Services	Long Distance Service
Monthly Charges	390.55	
Service Additions and Changes	24.84	
Directory Assistance	3.98	
Carrier Computed Charges		42.66
Taxes, Fees and Surcharges		
Federal Excise at 3%	13.52	
State Sales at 2.9%	13.23	
County Sales at .25%	1.11	
City Sales at 3.75%	16.96	
Special District Sales at 1.2%	5.46	
City Occupation at 3.607%	12.88	
Local 911 at \$.70 per access line	6.30	
Federal Universal Serv Fund at 14.6118%	8.93	
Colorado Universal Service Charge	10.45	

This bill shows percentages of taxes and fees charged.



Tax and Fee Example

CenturyLink explains the purpose of each tax on the bill.

Taxes, Fees & Surcharges Summary

	Amount
Local 911 at \$.70 per access line <i>This surcharge, funds the cost of providing emergency services communications systems in your community.</i>	6.30
Federal Universal Serv Fund at 15.5251% <i>This charge recovers the amount CenturyLink contributes to the Federal Universal Service Fund. This fund helps keep local phone rates affordable for all Americans.</i>	8.91
Colorado Universal Service Charge <i>This charge recovers the amount CenturyLink contributes to the Colorado Universal Service Fund. This fund helps keep basic exchange rates affordable.</i>	9.75
Colorado Telecommunications Relay Service Fund at \$.20 per access line <i>This charge funds relay centers that help hearing- and speech-impaired customers make and receive calls.</i>	1.80
Telephone Assistance Program at \$.03 per access line <i>This charge funds the program used to provide telephone service to certain disadvantaged or disabled customers at a reduced rate.</i>	.27
Total Taxes, Fees and Surcharges Summary	\$86.16
Total CenturyLink Local and Other Services	\$523.11



Tax and Fee Example



Granite is billing
13 different taxes
and surcharges.

Taxes

Federal		0.20
FCC Regulatory Fee (Wireline)		7.76
Fed Universal Service Fund		5.23
Federal Excise Tax		
State		5.32
Sales Tax		5.17
State Universal Service Fund		0.12
Telecommunications Assistance Service		0.80
Telecommunications Relay Service Surc		
County		0.18
District Tax		2.80
E911		0.18
<u>Football District Tax</u>		1.84
Transit Tax		
City		1.12
<u>Business and Occupation Tax</u>		6.64
Sales Tax		
		37.36

Taxes



Tax and Fee Example

Verizon is only billing two taxes and two fees.



Master Number: 617 815
Account: 617 965 0331
How to Reach Us: See page

Verizon transfers

Transactions through September 13, 2011

Transfers

Transfer to summary bill

\$33.30CR

Total transfers

\$33.30CR

The above transfers are not included in the total current charges.

Verizon current charges

Monthly charges

\$27.29

911/Disability Access Fee

0.75

Federal tax

0.79

State tax

1.87

Verizon Property Tax Recovery Charge

2.60

Total new charges for Verizon

\$33.30



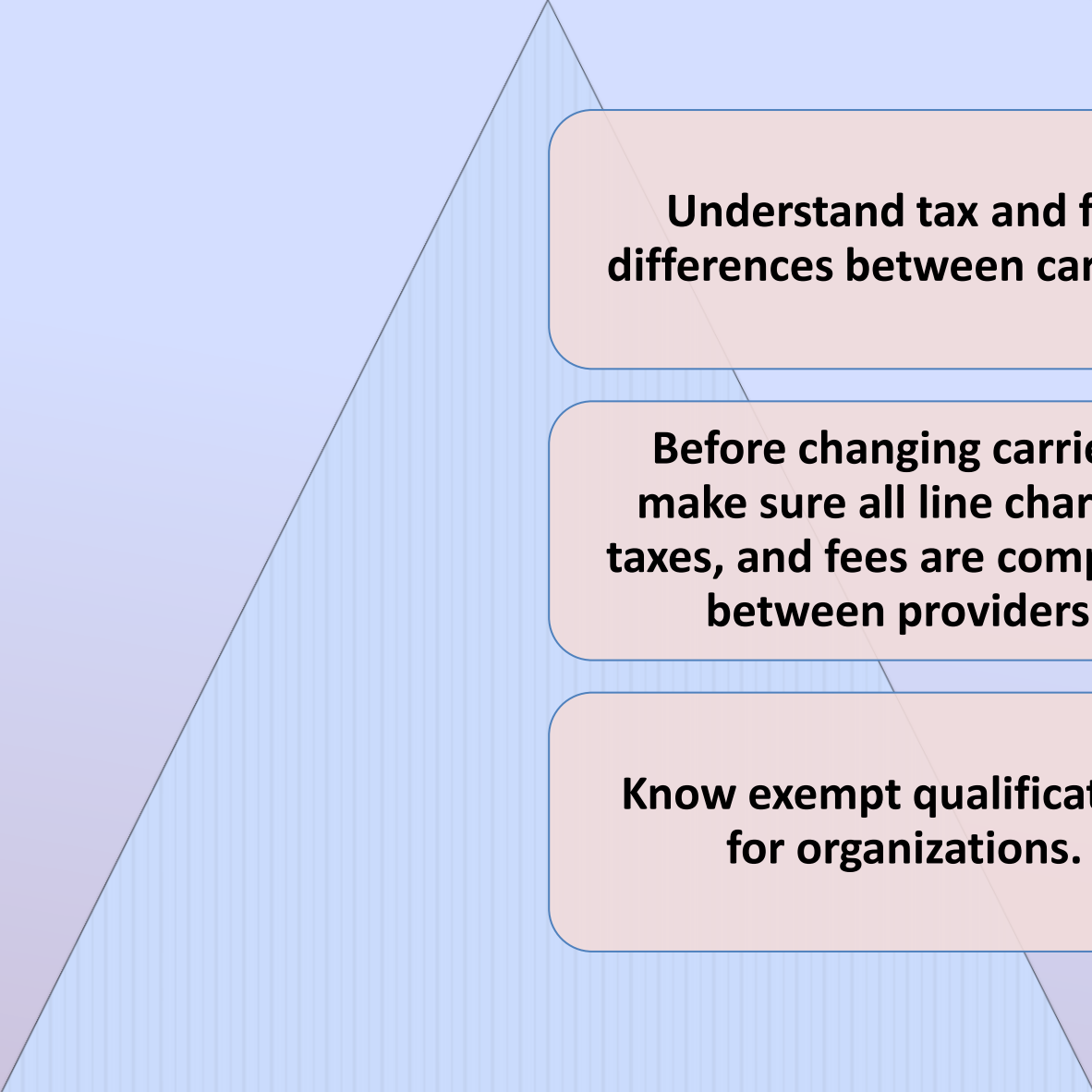
Tax and Fee Example

verizon		Telephone Number : 800-333-4374				
		Account Number: 01 2559 1285				
		How to Reach Us : See page 2				
MONTHLY SERVICE - BASIC (Jun 28 to Jul 28)						
Description	Qty	Unit Rate				
1 CentraNet measured line	3	21.95	65.85			
2 Interstate subscriber line charge	3	7.64	22.92			
Total			\$ 88.77			
LOCAL CALLS						
Local Call Summary						
Call area	Period	No. of Init min.	Rate per Init min.	No. of add'l	Rate per add'l min.	
3 Local	Day 8am-5pm	625	.0300	254	.0300	26.37
4	Evening 5pm-11pm	59	.0300	37	.0300	2.88
5	Night 11pm-8am	223	.0300	70	.0300	8.79
6	Sat/Sun All day	Included in Night charges				
Total						\$ 38.04
Total local calls \$ 38.04						
BASIC SERVICE TAXES AND SURCHARGES						
7 Federal excise tax						3.87
8 Funding to support the Public Utilities Commission						.19
9 911 State Tax						.54
10 Temp. surcharge as allowed by Public Utilities Commission to 06/26						.57
11 Temp. surcharge as allowed by Public Utilities Commission from 06/26						1.35
12 California Relay Service and Communications Devices Fund						.21
13 CHCF-B and the CASF						.53
14 California Teleconnect Fund surcharge						.08
15 CHCF-B Rate Adjustment						CR .90
16 CA Universal Lifeline Telephone Service						1.22
17 CA High Cost Fund - A						.14
18 Federal Universal Service Fee						.19
19 Federal Universal Service Fee						1.50
Total						\$ 9.49
Verizon basic charges						\$ 136.30

There are 11 different taxes and surcharges on this Verizon bill in CA.



Taxes, Fees, and Audits



Understand tax and fee differences between carriers.

Before changing carriers, make sure all line charges, taxes, and fees are compared between providers.

Know exempt qualifications for organizations.



Taxes, Fees and Audits



Identify inappropriate tax applications.

File appropriate exemption forms with providers.

File claims with IRS to correct errors.

Evaluate cost effectiveness of claiming refunds.





I hope you enjoyed watching this training module and learning about taxes, fees, and surcharges that are included on telecom bills.

To purchase additional training modules, or to review the variety of services TelCon offers, please visit our websites:

telconassociates.com

telecomaudittraining.com

Thanks!

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