

REG-1-065, Telecommunications Services

065.01 Intrastate telephone communication service and telegraph service, mobile telecommunications service, wireless paging service, and wireless radio service are taxable whether furnished by public or private corporations or enterprises. This includes those services which are sold by mutual companies.

065.01A Intrastate telephone communications services which are taxable include mobile telecommunications services, ancillary services, except for conference bridging services, and intrastate telecommunications services, except for value-added nonvoice data service, wireless paging service, wireless radio service, and the gross receipts from coin-operated telephones, 800 service, and 900 service, when the receipts are for intrastate service.

065.01A(1) Mobile telecommunications services are intrastate if the service originates and terminates in the same state. If the customer has a place of primary use in Nebraska, intrastate telecommunications services are taxable in Nebraska.

065.01B Charges made to hotels, motels, similar lodging accommodations, or any other company by telephone communication service companies for telephone communication service, including telephone communication service that may be rebilled by the telephone communication service company customer to another party, are taxable. (Reg-1-046, Hotels, Lodgings, and Accommodations)

065.01C Sales of telephone directories or directory covers to Nebraska customers by telephone service providers are taxable.

065.01D Gross receipts does not include any surcharges imposed under the Emergency Telephone Communications Systems Act, the Enhanced Wireless 911 Services Act, the Telecommunications Relay System Act, the Nebraska Telecommunications Universal Service Fund Act, or payments between telephone service providers, as defined in federal law, for division of revenue, settlements, carrier access charges, or provision of telephone communication service.

065.01E Gross receipts includes the sale of a prepaid calling service, but does not include the payments to a telephone service provider attributable to services rendered using a prepaid calling service. A prepaid calling service means the right to exclusively purchase telecommunications service that is paid for in advance that enables the origination of calls using an access number or authorization code, whether manually or electronically dialed, and whether delivered wireless or wireline.

065.01F When the purchaser is not using any portion of the purchased telephone communication services, the services may be purchased for resale.

065.02 The tax on intrastate long distance charges is computed on the gross amount of the total charge for long distance, less any interstate telephone and telegram charges. The amount of the tax computed on the intrastate long distance charges must be indicated separately on the billing statement. The federal telecommunications excise tax, the Nebraska 911 service surcharge, the enhanced wireless 911 service surcharge, the Nebraska telecommunications relay system surcharge, and the Nebraska Universal Service Fund surcharge are excluded from gross receipts for purposes of computing the sales tax.

065.02A The tax on intrastate telephone communication service, whether on a flat or measured basis, is computed on the total amount billed by the telephone service provider for this service.

065.02B Telegrams charged to the account of a telephone subscriber and billed by the telephone service provider must include the tax as computed by the telegraph company and must appear on the billing statement in an amount equal to the regular charge for the telegrams plus the sales tax. The tax on these telegrams must be remitted by the telegraph company.

065.02C Intrastate long distance calls provided by a different service provider that are charged to the account of a telephone subscriber and billed by the telephone company must include the tax as computed by the telephone company and must appear on the billing statement in an amount equal to the regular charge for the phone call plus the sales tax. The tax on these telephone calls must be remitted by the telephone company.

065.03 Any company furnishing telephone communication service or telegraph service is required to bill the sales tax to the customer. A retailer of bundled transactions that include any telecommunications services, ancillary services, Internet access, or audio or video programming services may identify in its books and records the sales price of any nontaxable products and collect and remit tax on only the sales price of the taxable products in the bundle. If the price attributable to the nontaxable products is not reasonably identifiable and verifiable, the entire charge for the bundled transaction is taxable. (Reg-1-108, Bundled Transactions)

065.04 Persons engaged in providing telecommunications services are the consumers of materials, supplies, and other items that they use in providing their services and they must pay the sales and use tax on their purchases.

065.05 Charges made by a telephone company to the customer for nonrecurring telecommunications charges, such as installations, service connections, move and change charges, service upgrades, optional features like call waiting or voice mail, and construction costs constitute gross receipts for telephone communication service and are taxable.

065.06 All interstate long distance charges are exempt from the sales tax, as are gross receipts from coin-operated telephones that are for interstate long distance services.

065.07 Services rendered to the United States government and to federal agencies and instrumentalities, including those federal corporations listed in Reg-1-072, United States Government and Federal Corporations, are exempt. Sales to purchasers listed in Reg-1-012.02C are exempt.

(Sections 77-2701.16, and 77-2701.48, R.R.S. 2009. November 6, 2010.)