

A Technical Information Release is designed to provide immediate information of changes in tax laws administered by the Department for the policy positions of the Department as a service to taxpayers and practitioners. A Technical Information Release represents the position of the Department on the limited issues discussed herein based on current law and Department interpretation. For the current status of any tax law, practitioners and taxpayers should consult the source documents (i.e., Revised Statutes Annotated, Rules, Case Law, Session Laws, etc.)

The purpose of this information release is to advise communications services retailers and tax return preparers of a change in the **COMMUNICATION SERVICES TAX**. The release is for educational purposes only.

If you have questions regarding your specific circumstances which are unique and are not addressed by the present statute, administrative rule or this release, you may request a Declaratory Ruling, pursuant to Rev 209, from the Commissioner of Revenue Administration, 61 South Spring Street, Concord, NH 03301.

COIN-OPERATED TELEPHONE SERVICE AND COMPUTATION OF TAX

Chapter 351, Laws of 1997, repeals the exemption for coin-operated telephone service charges from the communication services tax effective July 1, 1997. The new law amends the definition of "Gross Charge" in RSA 82-A:2, V. Previously, RSA 82-A:2,V(g) excluded from the definition of gross charges amounts for communications services paid by inserting coins in coin-operated telecommunications devices.

This legislation also enacted a new section, RSA 82-A:4-a, that provides in the alternative, how the tax on coin-operated services may be calculated. This new section states:

"If the tax imposed under this chapter is for coin-operated telephone service, the tax may be computed to the nearest multiple of \$.05 except that, where the tax is midway between multiples of \$.05, the next higher multiple shall apply."

Thus, the retailer may charge the consumer a rate of 5.5% of the total charge for the call or use the nearest multiple of \$.05. Zero [\$.00] is not a multiple of \$.05. In instances where the retailer uses the multiple of \$.05 method, the minimum level of tax for a single call under this method shall be \$.05.

The tax on all coin-operated communication services shall be included in the retailers' monthly communication services tax retail returns for calls made during the preceding calendar month. If the charge to the consumer on a coin-operated device includes the tax, retailers may calculate their communication services tax liability by using a rate of 5.21% for their gross receipts from the coin-operated devices.

Communication services providers who formerly were not required to file returns with the department because of the exemption for coin-operated telecommunication devices must now submit an application for registration with the department in accordance with the department's administrative rule, Rev 1611.07, and begin charging and remitting the tax. All questions and requests for communication services tax applications for registration and retailer tax returns should be directed to:

Audit Division
Department of Revenue Administration
PO Box 457
Concord, NH 03302-0457
Telephone (603) 271-3400