

280-RICR-20-70-34

TITLE 280 – DEPARTMENT OF REVENUE

CHAPTER 20 – DIVISION OF TAXATION

SUBCHAPTER 70 – SALES AND USE TAX

PART 34 – Telecommunications Service

34.1 Purpose

This regulation implements R.I. Gen. Laws Chapters 44-18 and 44-19. These chapters provide for sales and use taxes liability and computation and sales and use taxes enforcement and collection in regard to telecommunications service.

34.2 Authority

This regulation is promulgated pursuant to R.I. Gen. Laws Chapters 44-18 and 44-19. These rules have been prepared in accordance with the requirements of R.I. Gen. Laws §§ 44-1-1 *et seq.* and 44-19-33.

34.3 Application

The terms and provisions of these rules and regulations shall be liberally construed to permit the Department of Revenue to effectuate the purposes of R.I. Gen. Laws Chapters 44-18 and 44-19 and other applicable state laws and regulations.

34.4 Severability

If any provision of these rules and regulations, or the application thereof to any person or circumstances, is held invalid by a court of competent jurisdiction, the validity of the remainder of the rules and regulations shall not be affected thereby.

34.5 Definitions

- A. “Ancillary services” means services that are associated with or incidental to the provision of “telecommunications service”. They include but are not limited to conference bridging service, detailed telecommunications billing service, directory assistance, vertical service, and voice mail service as those terms are defined in R.I. Gen. Laws § 44-18-7.1(y).

- B. "Call-by-call basis" means any method of charging for telecommunications services where the price is measured by individual calls.
- C. "Customer" means the person or entity that contracts with the seller of telecommunications services. If the end user of telecommunications services is not the contracting party, the end user of the telecommunications service is the customer of the telecommunication service, but this sentence only applies for the purpose of sourcing sales of telecommunications services under R.I. Gen. Laws § 44-18.1-15. "Customer" does not include a seller of telecommunications service or for mobile telecommunications service of a serving carrier under an agreement to serve the customer outside the home service provider's licensed service area.
- D. "E-911 surcharge" means the surcharge established to ensure that adequate and sustained funding of the E-911 Emergency Services Fund or the E-911 GIS Technology Fund.
- E. "Home service provider" means the facilities-based carrier or reseller with which the customer contracts for the provision of mobile telecommunications services.
- F. "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.
- G. "Prepaid telephone calling arrangement" means prepaid calling service and prepaid wireless calling service as those terms are defined under R.I. Gen. Laws §§ 44-18-7.1(y)(i)(M) and 44-18-7.1(y)(i)(N) respectively.
- H. "Service address" means:
 - 1. The location of the telecommunications equipment to which a customer's call is charged and from which the call originates or terminates, regardless of where the call is billed or paid.
 - 2. If the location in § 34.5(H)(1) of this Part is not known, service address means the origination point of the signal of the telecommunications services first identified by either the seller's telecommunications system or in information received by the seller from its service provider, where the system used to transport such signals is not that of the seller.
 - 3. If the location in subsection §§ 34.5(H)(1) and (2) of this Part and are not known, the service address means the location of the customer's place of primary use.

- I. "Telecommunications nonrecurring charges" means an amount billed for the installation, connection, change or initiation of "telecommunications service" received by the customer.
- J. "Telecommunications service" means the electronic transmission, conveyance, or routing of voice, data, audio, video, or any other information or signals to a point, or between or among points. The term "telecommunications service" includes such transmission, conveyance or routing in which computer processing applications are used to act on the form, code or protocol of the content for purposes of transmission, conveyance or routing without regard to whether such service is referred to as voice over Internet protocol services or is classified by the Federal Communications Commission as enhanced or value added. The term "telecommunications service" also includes the transmission of any interactive electromagnetic communications including but not limited to voice, image, data and other information, by means of but not limited to wire, cable, including fiber optical cable, microwave, radio wave or any combinations of these media.
 - 1. "Telecommunications service" includes local exchange service, intrastate toll service, interstate and international toll service, including cellular mobile telephone or telecommunications service, specialized mobile radio and pagers and paging service including any form of mobile two-way communication. "Telecommunications service" does not include service rendered using a prepaid telephone calling arrangement.

34.6 Telecommunications Service Generally

- A. The furnishing of telecommunications services for consideration is subject to the Rhode Island sales or use tax provided the service:
 - 1. sold on a call-by-call basis:
 - a. originates and terminates in this state, or
 - b. originates or terminates in this state and the service address is located in this state.
 - 2. sold on a basis other than call-by-call basis (as defined in R.I. Gen. Laws §§ 44-18-7.1 and 44-18.1-16) is sourced in accordance with R.I. Gen. Laws § 44-18.1-15.
- B. Rhode Island law allows a credit or refund of sales taxes upon presentation of proof of payment of the sales tax to another state to which the tax was properly due for the identical telecommunication service.

34.7 Ancillary Services

The sale of ancillary services are subject to the Rhode Island sales or use tax in accordance with R.I. Gen. Laws § 44-18-7(9)(i). Ancillary services are sourced to the customer's place of primary use in accordance with R.I. Gen. Laws § 44-18.1-15

34.8 Telecommunications Nonrecurring Charges

Telecommunications nonrecurring charges are included in the sales price and are subject to sales or use tax. Such services are sourced to the customer's place of primary use in accordance with R.I. Gen. Laws § 44-18.1-15.

34.9 Furnishing, Rental or Leasing of Equipment

The furnishing, rental or leasing of all equipment pertaining to or incidental to the furnishing of telecommunications service is subject to the Rhode Island sales or use tax and is sourced to this state in accordance with R.I. Gen. Laws § 44-18.1-11.

34.10 Mobile Telecommunications

Effective August 2, 2002, for purposes of Rhode Island sales and use tax, the provisions of the federal Mobile Telecommunications Sourcing Act (P.L. 106-252) are adopted. Mobile telecommunications services that are deemed to be provided by the customer's home service provider are subject to tax if the customer's place of primary use is in Rhode Island regardless of where the mobile telecommunications services originate, terminate, or pass through.

34.11 E-911 Surcharge

Pursuant to R.I. Gen. Laws § 39-21.1-14(b), the E-911 surcharge imposed under R.I. Gen. Laws § 39-21.1-14(a) shall not be subject to the tax imposed under R.I. Gen. Laws Chapter 44-18. Pursuant to R.I. Gen. Laws § 39-1-62(d)(3), the E-911 surcharge imposed under R.I. Gen. Laws § 39-1-62(d)(2) shall not be subject to the tax imposed under R.I. Gen. Laws Chapter 44-18.

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