



# Special Notice

CALIFORNIA STATE  
BOARD OF EQUALIZATION

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SEPTEMBER 2008  
L-208

## Senate Bill 1040 Amends the Emergency Telephone Users (911) Surcharge Act

*New definition for "toll telephone service" and 911 Surcharge is extended to Voice over Internet Protocol (VoIP) services*

### Changes in the law clarify the definition of "toll telephone service"

An amendment to Revenue and Taxation Code section 41016, which provides the definition of "toll telephone service," became effective, as an urgency measure, on May 21, 2008. The definition is revised to clarify that:

1. toll charges may vary in amount with either:
  - the distance *or* elapsed transmission time of each individual communication or
  - the distance *and* elapsed transmission time of each individual communication; and
2. *flat rate service plans* with a fixed number of minutes are included.

### Suppliers of VoIP services are now required to register with the Board of Equalization (BOE) to collect the 911 Surcharge.

Voice over Internet Protocol (VoIP) is a technology that allows you to make voice calls over the Internet using a broadband connection instead of a regular (or analog) telephone line. As of January 1, 2009, if you provide VoIP services and your customers are able to access the "911" emergency system (also referred to as "E911") by utilizing the digits 9-1-1, you are required to register with the Board of Equalization (BOE). You will also be required to collect the 911 Surcharge from your customers who are located in California at the time of billing and pay those funds to the BOE. The surcharge does not apply to charges for VoIP service where any point of origin or destination is outside California.

Enclosed you will find the following documents:

- *California Excise Taxes Permit Application, BOE-400 ETC/ETI*
- *Emergency Telephone Users Surcharge—Exempt Interstate Revenue Election Form, BOE-501-TEA*

Return the completed application and election form in the enclosed envelope. Once your application has been processed, you will receive an Emergency Telephone Users Surcharge account number and information on your reporting requirements.

### New Election Form

Also beginning January 1, 2009, a service supplier is permitted to choose between two or three (for a VoIP service supplier) optional methods of calculating the **interstate** portion of its charges. The service supplier **may elect** to use one of these optional methods for each type of service it provides **but** must use that method for that service for at least one calendar year before making a change in its election. The election does not need to be renewed annually; it will remain in effect for that service until another method is elected by submitting an *Emergency Telephone Users Surcharge—Exempt Interstate Revenue Election Form (BOE-501-TEA)* to the BOE.

*Please note:* Service suppliers who do not submit an election are required to report using the books and records method. Please complete and return the election form in the enclosed envelope, if applicable.

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The election form will be used by each service supplier (or billing aggregator authorized by a service supplier) to indicate the method used to calculate the interstate revenue portion not subject to the surcharge.

**When do I pay the surcharge?**

You are required to collect the 911 Surcharge from your customers and file monthly returns. The returns will be due on or before the last day of the second month following each monthly return. For example, the January 2009 return is due March 31, 2009. The returns must be signed by a responsible officer or agent of the service supplier, accompanied by payment for the amount of surcharge due, made payable to the BOE, and postmarked on or before the due date.

**How to Contact Us**

If you have any questions regarding this notice, please contact the Excise Taxes Division. You may also visit our website at [www.boe.ca.gov](http://www.boe.ca.gov).

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