



Special Notice

CALIFORNIA STATE
BOARD OF EQUALIZATION

450 N STREET
SACRAMENTO, CA 95814

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*

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BOE WEBSITE AND
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INFORMATION:
www.boe.ca.gov

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888-324-2798

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800-400-7115
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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.

Surcharge extended to VoIP Services as of January 1, 2009

As of January 1, 2009, the surcharge is extended to VoIP services. 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. 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 will be required to collect the 911 Surcharge from your VoIP customers who are located in California. The surcharge does not apply to charges for VoIP service where any point of origin or destination is outside California.

You will be able to use your existing Emergency Telephone Users Surcharge account to report the surcharge for VoIP services. Line item number 2, on the return, will be used for reporting VoIP services and will be added to the *Emergency Telephone Users Surcharge Return* (BOE-501-TE), beginning in January 2009.

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 Board of Equalization (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.

Enclosed, you will find the BOE-501-TEA. 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.

STATE BOARD
OF EQUALIZATION

***Special Notice
Senate Bill 1040
Amends the
Emergency
Telephone Users
(911) Surcharge
Act***

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.

By phone:
800-400-7115 toll-free
916-323-9297 fax

By mail:
Excise Taxes Division, MIC:56
State Board of Equalization
PO Box 942879
Sacramento, CA 94279-0056