



For More Information:

Visit our *Prepaid Mobile Telephony Services (MTS) Surcharge* industry guide on our website for more information:

www.boe.ca.gov/industry/

Do you need help filing your return or have a general tax question?

Call our Customer Service Center
1-800-400-7115 (TTY: 711)
Monday through Friday (except state holidays)
8:00 a.m. to 5:00 p.m. (Pacific time)

Get It In Writing

Tax law can be complex, and you are encouraged to put your questions in writing. Provide us with the specific facts and circumstances surrounding the transaction or activity in question, and ask if your sale is subject to the prepaid MTS surcharge.

Make your request at
www.boe.ca.gov/info/email.html.

Visit www.boe.ca.gov

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Prepaid Mobile Telephony Services (MTS) Surcharge



Beginning January 1, 2016, a new Prepaid Mobile Telephony Services (MTS) Surcharge will replace the multiple surcharges and fees imposed prior to January 1, 2016.

Seller Requirements

Sellers, including third-party retailers, sell prepaid MTS to consumers in retail transactions. As a seller of prepaid wireless services, you are generally required to:

- Register with the Board of Equalization (BOE) for a prepaid MTS account. (This is a separate account from your seller's permit.)
- Know and collect the correct prepaid MTS surcharge rate.
- Separately state the correct prepaid MTS surcharge amount on a receipt, sales invoice, or other document provided to customers.
- File the prepaid MTS return online and pay the amounts collected to the BOE.

Beginning January 1, 2017, sellers (other than telecommunication service suppliers) who sell less than \$15,000 in prepaid MTS in the previous calendar year are no longer required to register and collect the surcharge.

Wireless service providers who sell prepaid MTS to consumers are considered "direct sellers" for purposes of the prepaid MTS surcharge and have different registration and reporting requirements.

For more information about small sellers and direct sellers, see our [Prepaid Mobile Telephony Services \(MTS\) Surcharge](#) guide online.



Sales Subject to the Surcharge

The prepaid MTS surcharge generally applies to amounts charged for prepaid wireless services, including:

- Prepaid wireless airtime cards
- Prepaid wireless minutes
- Prepaid wireless plans
- Prepaid wireless cards compatible with pay-as-you-go cell phones
- Prepaid wireless refill or top-off cards
- Prepaid wireless "eCards"
- Prepaid mobile data or any other services when sold with any of the above
- Any product or service, including a cell phone, when sold with prepaid MTS for a single non-itemized price, unless only a minimal amount of prepaid MTS is transferred. A minimal amount of prepaid MTS is \$5 or less, or 10 minutes or less

Surcharge Rate

The prepaid MTS surcharge is imposed as a percentage of the selling price of prepaid wireless services sold in this state.

The BOE posts the prepaid MTS surcharge rates and will notify registered sellers of any changes to the posted rates. A link to the surcharge rate for each local jurisdiction is on our [Prepaid Mobile Telephony Services \(MTS\) Surcharge](#) guide online, in the [MTS Rates](#) section.

Local Charges

In general, you should charge the prepaid MTS surcharge rate for the city and/or county where your business is located.

If you do not make the sale at your California business location, the sale of prepaid wireless services is still considered to occur in California and the prepaid MTS surcharge applies when:

- The item is shipped to, or picked up by, a customer at a California location, or
- Your records show that the customer's address is in California, or
- Your customer provides you with an address in California during the sales transaction (for example, a billing address).

When you make sales of prepaid MTS online or over the phone and do not know your customer's address, the sale occurs in California and the prepaid MTS surcharge applies if your customer has a mobile telephone number that is associated with a location in California*.

Seller Reimbursement

As a seller of prepaid MTS, you may deduct and retain two percent (2%) of the prepaid MTS surcharge collected as reimbursement for part of your cost. You must claim this amount on your prepaid MTS return.

Direct sellers do not qualify for the 2% reimbursement.

*Prior to January 1, 2017, if a customer's mobile phone number was associated with a California location, the surcharge applied to the retail sale of prepaid MTS, regardless of whether the customer's shipping and billing address was known.